

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

**For the Quarter Ended 31 March 2018**

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31.03.2018 RM'000	Preceding Quarter Ended 31.03.2017 RM'000	Current Year-to-date Ended 31.03.2018 RM'000	Preceding Year-to-date Ended 31.03.2017 RM'000
Revenue	14,266	21,624	40,912	101,139
Cost of sales	(12,245)	(21,876)	(37,326)	(99,683)
<b>Gross profit</b>	2,021	(252)	3,586	1,456
Other income	703	1,427	1,200	4,763
Distribution costs	(15)	(23)	(155)	(89)
Administrative and other expenses	(1,940)	(28,157)	(10,797)	(40,015)
Profit / (loss) from operations	769	(27,005)	(6,166)	(33,885)
Finance costs	(16)	(44)	(66)	(348)
<b>Profit / (loss) before taxation</b>	753	(27,049)	(6,232)	(34,233)
Taxation	-	(417)	(5)	(644)
<b>Profit / (loss) for the period</b>	753	(27,466)	(6,237)	(34,877)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	753	(27,466)	(6,237)	(34,877)
<b>Profit / (loss) attributable to:</b>				
Owners of the Parent	753	(27,466)	(6,235)	(34,877)
Non-controlling interests	-	-	(2)	-
	753	(27,466)	(6,237)	(34,877)
<b>Total comprehensive income attributable to:</b>				
Owners of the Parent	753	(27,466)	(6,235)	(34,877)
Non-controlling interests	-	-	(2)	-
	753	(27,466)	(6,237)	(34,877)
<b>Profit / (loss) per share attributable to the owners of the Company (sen):-</b>				
Basic loss per share (sen)	0.02	(0.09)	(0.14)	(0.12)
Diluted loss per share (sen)	N/A	N/A	N/A	N/A

The condensed consolidated Statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

**STERLING PROGRESS BERHAD**

(Company No. 679361-D)

Tel No: 04-5082000 Fax No: 04-5082002 Email: [sales@tejari.com.my](mailto:sales@tejari.com.my)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 31 March 2018**

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at 31.03.2018</b>	<b>As at 31.03.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	6,075	8,450
Intangible assets	52	664
Investment properties	2,520	2,584
Goodwill arising from consolidation	1,037	1,037
Deferred tax assets	711	711
	<u>10,395</u>	<u>13,446</u>
<b>Current assets</b>		
Inventories	1,066	1,148
Receivables, deposits and prepayments	32,410	33,637
Tax recoverable	463	797
Cash and cash equivalents	13,475	8,512
	<u>47,414</u>	<u>44,094</u>
Assets held for sale	1,470	1,470
<b>TOTAL ASSETS</b>	<u>48,884</u>	<u>45,564</u>
	<u>59,279</u>	<u>59,010</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	44,831	38,531
Esos reserve	2,100	-
Warrant reserve	8,401	8,401
Other reserves	1,460	1,460
Accumulated losses	(5,927)	308
Equity attributable to owners of the Parent	<u>50,865</u>	<u>48,700</u>
Non-controlling interests	(10)	(8)
<b>TOTAL EQUITY</b>	<u>50,855</u>	<u>48,692</u>
<b>Non-current liabilities</b>		
Borrowings	168	465
Deferred tax liabilities	711	711
	<u>879</u>	<u>1,176</u>
<b>Current liabilities</b>		
Trade and other payables	6,967	8,308
Borrowings	577	830
Provision for taxation	1	4
	<u>7,545</u>	<u>9,142</u>
<b>TOTAL LIABILITIES</b>	<u>8,424</u>	<u>10,318</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>59,279</u>	<u>59,010</u>
<b>Net assets per share attributable to the owners of the parent(RM)</b>	0.08	0.16

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**For the Quarter Ended 31 March 2018**

**(The figures have not been audited)**

	Attributable to owners of the Parent					Non-controlling interests	Total Equity
	Share Capital	ESOS Reserve	Warrant Reserve	Other Reserve	Retained Earnings		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 31 March 2017</b>	38,531	-	8,401	1,460	308	(8)	48,692
Issuance of shares	6,300	-	-	-	-	-	6,300
Shares options granted Under ESOS	-	2,100	-	-	-	-	2,100
Total comprehensive income for the financial year	-	-	-	-	(6,235)	(2)	(6,237)
<b>At 31 March 2018</b>	44,831	2,100	8,401	1,460	(5,927)	(10)	50,855

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****For the Year Ended 31 March 2017****(The figures have not been audited)**

	Attributable to owners of the Parent							Total Equity
	Share Capital	Share Premium	ESOS Reserve	Warrant Reserve	Other Reserve	Retained Earnings	Non-controlling interests	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 April 2016</b>	98,918	4,842	1,240	8,401	305	72,493	(6)	72,493
Adjustments for Effect of Companies Act 2016	4,842	(4,842)	-	-	-	(41,207)	-	-
Total comprehensive income for the financial year	-	-	-	-	-	(33,914)	(2)	(33,916)
<b>Transaction with Owner</b>								
Shares par value Reduction	(74,189)	-	-	-	-	74,189	-	-
Disposal of subsidiary Companies	-	-	-	-	1,155	-	-	1,155
Shares options granted Under ESOS	-	-	3,840	-	-	-	-	3,840
Cancellation of ESOS	-	-	(1,240)	-	-	1,240	-	-
Realisation of ESOS Reserve	3,840	-	(3,840)	-	-	-	-	-
Exercise ESOS	5,120	-	-	-	-	-	-	5,120
<b>At 31 March 2017</b>	38,531	-	-	8,401	1,460	308	(8)	48,692

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the Quarter Ended 31 March 2018**

**(The figures have not been audited)**

	Cumulative quarter	
	Current Year-to-date RM'000	(Audited) As at 31.03.2017 RM'000
<b>Cash flow from operating activities</b>		
Loss before taxation	(6,232)	(33,815)
Adjustments for:-		
Amortisation of intangible assets	611	1,048
Bad debts written off	-	437
Depreciation of property, plant and equipment	2,186	5,589
Depreciation of investment properties	64	68
Deposits written off	-	124
Gain on disposal of property, plant and equipment	-	(2,009)
Gain on disposal of investment properties	-	(114)
Impairment loss on goodwill	-	1,571
Intangible assets written off	-	1,210
Finance costs	66	348
Interest income	(54)	(91)
Inventories written off	-	1,243
Loss on disposal of property, plant and equipment	44	-
Loss on disposal of subsidiary companies	-	4,267
Property, plant and equipment written off	84	13,151
Share options granted under ESOS	2,100	3,840
Operating loss before working capital changes	(1,131)	(3,133)
<b>Changes in working capital:</b>		
Inventories	82	300
Receivables, deposits and prepayments	1,227	(2,689)
Payables and accruals	(1,341)	(1,793)
	(32)	(4,182)
Cash used in operations	(1,163)	(7,315)
Interest paid	(66)	(348)
Tax paid	(61)	(158)
Tax refund	387	109
	260	(397)
Net cash used in operating activities	(903)	(7,712)
<b>Cash flows from investing activities</b>		
Interest received	54	91
Purchase of property, plant and equipment (Note a)	(1,245)	(829)
Purchase of investment properties	-	(1,873)
Proceeds from disposal of property, plant and equipment	1,306	8,343
Proceed from disposal of investment properties	-	2,253
Net cash inflow from disposal of subsidiary companies	-	1,176
Net cash from investing activities	115	9,161

**The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the Quarter Ended 31 March 2018****(The figures have not been audited)**

	<b>Cumulative quarter</b>	
	<b>Current</b>	<b>(Audited)</b>
	<b>Year-to-date</b>	<b>As at 31.03.2017</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>		
Issuance of share capital	6,300	5,120
(Decreased) / increased of fixed deposits pledged	(10)	87
Repayment of finance lease payables	(451)	(249)
Net repayment of bankers acceptance	-	(5,360)
Net repayment of term loans	-	(818)
Net cash flows from / (used in) financing activities	<u>5,839</u>	<u>(1,220)</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>5,051</b>	<b>229</b>
Cash and cash equivalents at the beginning of the financial year	7,601	7,372
Effect of foreign exchange rate changes	-	-
Cash and cash equivalents at the end of the financial year (Note b)	<u>12,652</u>	<u>7,601</u>
 (a) Purchase of property, plant and equipment:		
- financed by hire purchase arrangements	-	-
- financed by cash	1,245	2,702
	<u>-1,245</u>	<u>2,702</u>
 (b) Analysis of cash and cash equivalents:		
Cash and bank balances	11,925	7,009
Fixed deposits with licensed banks	1,216	1,179
Short-term funds	334	324
	<u>13,475</u>	<u>8,512</u>
Less: Bank overdrafts	(489)	(587)
	<u>12,986</u>	<u>7,925</u>
Less: Fixed deposit pledged to a licensed bank	(334)	(324)
	<u>12,652</u>	<u>7,601</u>

**The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.**

**Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS)  
134- Interim Financial Reporting**

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**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements of Sterling Progress Berhad (“Sterling Group” or “Company”) on a consolidated basis with its subsidiaries (“Sterling Group” or “Group”) for the financial year ended 31 March 2017 and the explanatory notes attached to the interim financial statements, which provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 March 2017.

**2. Changes In Accounting Policies**

The accounting policies and methods of computation used in the preparation of the quarterly financial statements are consistent with those applied in the latest audited annual financial statements for the financial year ended 31 March 2017.

The significant accounting policies adopted are consistent with those of the audited financial statements financial year ended 31 March 2017.

**3. Auditors’ Report on Preceding Annual Financial Statements**

The auditors’ report on the financial statements of the Group for the financial year ended 31 March 2017 was not subject to any qualification.

**4. Seasonal or Cyclical Factors**

The Group is subjected to the cyclical effects of the global and Malaysian technology industry.

**5. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

**6. Material Changes in Estimates**

There were no changes in estimates of amounts which have a material effect for the current quarter results under review.

**7. Debt and Equity Securities**

There were no issuances, cancellations, repurchases, resale and other repayments of debt and equity securities during the current quarter.

On 15 January 2018, 22 January 2018 and 26 January 2018, the Board had announced that 8.5 million ESOS, 3 million ESOS and 23.5 million ESOS shares were exercised respectively.

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**Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS)  
134- Interim Financial Reporting (Continued)**


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**8. Dividends Paid**

No dividend has been paid during the current quarter.

**9. Segmental Information**

Sales revenue by division to external parties for the quarter ended 31 March 2018 are as follows:-

	<u>Hydraulic</u>	<u>ICT</u>	<u>Other Operating</u> <u>Segment</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
External Sales	821	13,157	288	14,266
Gross Profit	528	1,488	5	2,021
Profit / (loss) before taxation	(154)	1,101	(194)	753

Sales revenue by division to external parties for the quarter ended 31 March 2017 are as follows:-

	<u>Hydraulic</u>	<u>ICT</u>	<u>Other Operating</u> <u>Segment</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
External Sales	1,175	19,913	536	21,624
Gross Profit / (Loss)	639	(1,133)	242	(252)
Loss before taxation	(1,232)	(15,977)	(9,840)	(27,049)

**10. Changes of Composition of the Group**

There were no changes to the composition of the Group as at and for the quarter ended 31 March 2018.

The Company had changed its financial year end to 30 June and the next set of its financial statements will be made up from 01 April 2017 to 30 June 2018 covering a period of 15 months. Thereafter, the financial year end of the Company shall end on 30 June for each subsequent year.



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**Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS)  
134- Interim Financial Reporting (Continued)**

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**11. Valuation of Property, Plant and Equipment**

The Group did not revalue any of its assets from the previous audited financial statements for the financial year ended 31 March 2017.

**12. Contingent Assets or Liabilities**

Details of contingent liabilities as at 25 May 2018 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report) are as follows:

	<b>As at 31.03.2018 RM'000</b>	<b>As at 31.03.2017 RM'000</b>
Corporate guarantees extended to financial institutions for banking facilities granted to subsidiary companies and suppliers	<u>10,000</u>	<u>10,000</u>

There are no contingent assets since the last annual balance sheet as at 31 March 2017.

**13. Capital Commitments**

There were no capital commitments for the current quarter under review.

**14. Material Events Subsequent to the End of the Interim Reporting Period**

There were no material events subsequent to the end of the current quarter under review up to 25 May 2018, being the latest practicable date not earlier than seven (7) days from the date of issue of this quarterly report except that:

On 12 April 2018, the Board had announced that wholly owned subsidiary, ICT Utopia Sdn Bhd, subscribed five hundred and ten (510) ordinary shares, representing 51% of the total issued and paid-up share capital of Macpie Pro Sdn Bhd (Company No. 1247371-T) ("MP") for a total cash consideration of RM510.00, rendering MP to be a 51% owned subsidiary of ICT Utopia Sdn Bhd.

**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)****1. Review of Performance****Current Year Quarter versus Preceding Period Corresponding Quarter**

	Individual Period		Change		Cumulative Period		Change	
	Current Year Quarter 31/03//2018 RM'000	Preceding Year corresponding Quarter 31/03/2017 RM'000	Percentage	%	Current Year Quarter 31/03/2018 RM'000	Preceding Year corresponding Quarter 31/03/2017 RM'000	Percentage	%
Revenue	14,266	21,624	(7,358)	(34.03%)	40,912	101,139	(60,227)	(59.55%)
Operating profit / (loss)	769	(27,005)	(26,236)	(97.15%)	(6,166)	(33,885)	(40,051)	(118.19%)
Profit / (loss) before interest and tax	769	(27,005)	(26,236)	(97.15%)	(6,166)	(33,885)	(40,051)	(118.19%)
Profit / (loss) before tax	753	(27,049)	(26,296)	(97.22%)	(6,232)	(34,233)	(40,465)	(118.20%)
Profit / (loss) after tax	753	(27,466)	(26,713)	(97.26%)	(6,237)	(34,877)	(41,114)	(117.88%)
Profit / (loss) Attributable to Ordinary Equity Holders of the Parent	753	(27,466)	(26,713)	(97.26%)	(6,235)	(34,877)	(41,112)	(117.88%)

For the current quarter ended 31 March 2018, the Group recorded revenue of RM14.3 million as compared to the revenue for the preceding year's corresponding quarter 31 March 2017 ("Q4 2017") of RM21.6 million. The decrease was mainly due to lower revenue recorded for the sales of notebooks and smartphones.

The Group recorded a higher pre tax profit of RM0.7 million as compared to pre tax loss of RM27.5 million in the preceding year. The pre tax loss in the preceding year corresponding quarter was mainly due to impairment of property, plant and equipment for outlets that have ceased business or expired tenancy that were not renewed, impairment of goodwill for subsidiaries that have been disposed or ceased business, impairment of inventories that are obsolete and ESOS expenses for ESOS granted during the quarter.

**STERLING PROGRESS BERHAD**

(Company No. 679361-D)

Tel No: 04-5082000 Fax No: 04-5082002 Email: [sales@tejari.com.my](mailto:sales@tejari.com.my)**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)****2. Variation of Results against Preceding Quarter**

	<b>Current Quarter</b>	<b>Immediate Preceding Quarter</b>	<b>Change</b>	
	<b>31/03/2018</b>	<b>31/12/2017</b>		
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	14,266	5,868	8,398	143.12%
Operating Profit (Loss)	769	(1,623)	(854)	(52.62%)
Profit (Loss) before interest and tax	769	(1,623)	(854)	(52.62%)
Profit (Loss) before tax	753	(1,639)	(886)	(54.06%)
Profit (Loss) after tax	753	(1,644)	(891)	(54.20%)
Profit (Loss) Attributable to Ordinary Equity Holders of the Parent	753	(1,643)	(890)	(54.17%)

The increase in revenue was mainly due to higher revenue recorded for the retail management division. The better profit recorded this quarter was due to higher margins obtained from retail management business.

**3. Commentary on Prospects**

The Group believes that the Malaysian retail sector will face a challenging year ahead in 2018. However, in light of the change to a zero rated GST regime from 1 June 2018 onwards, the group believes that this will stimulate retail spending for the remaining of the year. In addition, the Group will continue to explore any new business opportunities, in addition to growing and expanding its retail management business.

**4. Actual Profit against Profit Forecast**

There was no profit forecast or guarantee made public for the financial period under review.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)**

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**5. Income Tax Expense**

	Current Quarter Ended		Cumulative Quarter Ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Current tax	-	417	5	644
Deferred tax	-	-	-	-
Tax expense	-	417	5	644

The effective tax rate of the Group for the current quarter under review is higher than the statutory tax rate of 24% mainly due to taxable income incurred for one of its subsidiary.

**6. Sales of Unquoted Investments and Properties**

There were no disposals of unquoted investment and properties during the current quarter under review.

**7. Quoted Securities**

There were no purchases or disposals of quoted securities during the current quarter under review. The Group did not hold any investments in quoted securities as at 31 March 2017.

**8. Status of Corporate Exercises**

There are no pending corporate exercises.

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**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)**

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**8. Borrowings and Debt Securities**

The Group's borrowings as at 31 March 2018 are as follows:-

	Payable within 12 months RM'000	Payable after 12 months RM'000	Total Outstanding RM'000
<u>Secured</u>			
Bank overdraft	489	-	489
Finance lease	88	168	256
Total	<u>577</u>	<u>168</u>	<u>745</u>

The banker's acceptance are secured by fixed deposits of a subsidiary company and jointly and severally guaranteed by all the directors of the subsidiary company.

The finance lease are secured by the assets of the Group under finance lease arrangements.

The term loan are secured and covered by the fixed deposit with licensed bank.

The Group's borrowings and other facilities are denoted in local currency. The Group does not have any foreign borrowings and debt securities as at 31 March 2018.

**9. Derivative Financial Instruments**

There were no derivative financial instruments as at 25 May 2018 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report).

**10. Changes in Material Litigation**

Since the last annual balance sheet date, there was no pending material litigation at 25 May 2018 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report).

**11. Dividend**

No dividend has been proposed for the financial year under review.

**12. Basic earnings per Share**

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

**Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)****14. Basic earnings per Share (continued)**

	Current Quarter Ended		Cumulative Quarter Ended	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
	RM'000	RM'000	RM'000	RM'000
Loss for the quarter	753	(27,466)	(6,237)	(34,877)
Weighted average number of ordinary shares of RM0.10 in issue	44,831	298,495	44,831	298,495
Basic earnings per share (sen)	0.02	(0.09)	(0.14)	(0.12)

The fully diluted earnings per share is not disclosed as the effects on the assumed exercise of the share options under Warrants is anti-dilutive.

**15. Disclosure of Realised and Unrealised Profits or Accumulated losses**

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Ace Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Malaysian Institute of Accountants further issued guidance on the disclosure and the format required.

The breakdown of the (accumulated losses)/retained profits of the Group as at 31 March 2018 into realised and unrealised (accumulated losses)/profits, pursuant to the directive, is as follows:

	As at 31.03.2018 RM'000	As at 31.03.2017 RM'000
Total (accumulated losses) retained profits of the Group:		
- Realised	(5,927)	308
- Unrealised	-	-
	<u>(6,681)</u>	<u>308</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

**16. Authorisation for Issue**

These unaudited interim financial statements were authorised for release by the Company in accordance with a resolution of the Directors dated 30 May 2018.