

IDIMENSION CONSOLIDATED BHD (*Company No. 925990-A*)

NOTES TO THE QUARTERLY REPORT – 30 SEPT 2017

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Malaysia Financial Reporting Standards ("MFRS") 134 - Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

The accounting policies and methods adopted by the Group in this interim financial report are consistent with the audited financial statements for the financial year ended 31 December 2016 except for the adoption of the following Amendments to MFRSs applicable to the Group beginning on 1 January 2017.

Title	Effective Date
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017

The initial adoption of the above amendments are not expected to have any material effect on the financial statements of the Group.

The following Standards that are issued but not yet effective up to the date of issuance of these interim financial statements. The Group intends to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A1. Basis of Preparation (Cont'd)

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for future financial years.

A2. Auditors' Report

There were no audit qualifications on the annual audited financial statements of the Group for the financial year ended 31 December 2016.

A3. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by seasonal or cyclical factors.

A4. Unusual Items

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

A5. Material Changes in Estimates

There were no changes in the estimate of amounts reported in the prior interim periods of the current financial year, or in previous years, which have material effect on the current quarter under review.

A6. Changes in Debts and Equity Securities

There were no issuance and repayment of debt or equity securities, share buy-backs, share cancellation, shares held as treasury shares and resale of treasury shares during the financial year-to-date under review.

A7. Dividend Paid

There were no dividends paid during the financial year-to-date under review.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A8. Segmental Reporting

The segmental revenue and results for the financial year-to-date under review are as follows:-

	IT business RM'000	Online Games RM'000	Elimination RM'000	Group RM'000
<u>30/09/2017</u>				
Revenue				
External revenue	9,482	46,188	-	55,670
Inter-segment revenue	3,957	-	(3,957)	-
Total segment revenue	<u>13,439</u>	<u>46,188</u>	<u>(3,957)</u>	<u>55,670</u>
Results				
Interest income				146
Finance costs				79
Depreciation and amortisation				(250)
Impairment of product development				(326)
Tax expense				-
Profit/(Loss) for the financial period				<u>(420)</u>
				<u>(771)</u>

The segmental revenue and results for the preceding year's corresponding financial year-to-date are as follows:-

	IT business RM'000	Online Games RM'000	Elimination RM'000	Group RM'000
<u>30/09/2016</u>				
Revenue				
External revenue	7,616	33,341	-	40,957
Inter-segment revenue	3,976	-	(3,976)	-
Total segment revenue	<u>11,592</u>	<u>33,341</u>	<u>(3,976)</u>	<u>40,957</u>
Results				
Interest income				897
Finance costs				1
Depreciation and amortisation				(33)
Tax expense				(834)
Profit/(Loss) for the financial period				<u>(187)</u>
				<u>(156)</u>

A9. Changes in the Composition of the Group

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

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (Cont'd)

A10. Capital Commitment

There is no capital commitment subsequent to the current quarter up to the date of the interim financial report.

A11. Subsequent Material Events

On 25 September 2017, the Group proposing a Private Placement of up to 74,238,642 new ordinary shares to independent third party investor(s) to be identified at a later date. Subsequently, on 11 October 2017, the Group announced that the Private Placement has been completed with the listing of 49,000,000 Placement Share to identified investors at an issue price of RM 0.065 per Placement Share, raising a total of RM 3.185 million.

On 4 October 2017, the Group announced that a Requisition for an Extraordinary General Meeting (“EGM”) for Removal of Directors and Appointment of New Directors dated 2 October 2017 was received on 3 October 2017 from a group of shareholders with a collective owned 18.01% of the issued share capital of the Company pursuant to Section 310 of the Companies Act 2016. However, the resolution were not passed through at the EGM held on 3 November 2017.

Other than the above, there we no significant events subsequent to the current quarter up to the date of the interim financial report.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance for the Current Quarter and Financial Year-to-date

The Group total revenue increased from RM8.58 million to RM17.50 million in the current quarter compare to the preceding correspondence quarter. The double up revenue recorded in this quarter was derived from both the IT business segment and Online Games segment. There are new IT implementation projects secured during the current quarter in the IT business segment. Similarly, the Online Games business segment also improving as compare to a year ago.

With the increased of total revenue, the Group recorded a profit before taxation of RM0.44 million in the current quarter compared to a loss before taxation of RM0.69 million in the correspondence quarter a year ago. This is mainly due to increase of revenue in both IT business segment and Online Games segment. The new IT implementation projects has improve the utilisation of the manpower and hence, derived higher profit margin in the IT business segment.

The year-to-date revenue increased by 35.92% from RM 40.96 million to RM 55.67 million compare to a year ago. The increased of revenue was derived from both the IT business segment and Online Games segment.

Despite the increased of year-to-date revenue of 35.92%, the Group still recorded a loss before taxation of RM 0.35 million compare to a profit before taxation of RM 0.03 million in the previous year-to-date. These mainly due to high operation costs and the finance costs recorded as an expenses following the completion of the property.

Performance of the respective operating business segment for the current quarter and financial year-to-date is analysed as follows:-

1) IT Business

Revenue of the IT business segment in the current quarter was RM4.09 million compare to RM2.08 million in the correspondence quarter a year ago, a jump of 97.12%. The strong revenue in the current quarter has resulted a profit before taxation of RM0.43 million compare to a loss before taxation of RM0.77 million a year ago. The new IT implementation projects has increased the revenue as well as maximize the utilization of the manpower and hence, derived higher profit margin.

The revenue in the current financial year-to-date jumped from RM7.62 million to RM 9.48 million, an increase of 24.48% compared to the correspondence year-to-date a year ago. The segment almost achieved a breakeven position i.e. a minimum loss before taxation of RM 0.02 million in current financial year-to-date compared to a loss before taxation of RM0.74 million in the preceding correspondence year-to-date. This is mainly due to the new IT implementation projects secured in current quarter which help to maximize the utilization of the manpower and hence, derived higher profit margin.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

2) Online Games

Revenue of the Online Games segment in the current quarter was RM13.41 million compare to RM6.50 million in the preceding correspondence quarter, a doubled up of the revenue mainly due to the awareness of the Online Games in the territories from the yearly online games tournament held in the 2nd Quarter of each year. Despite the increased in revenue, the Online Games segment still maintain in a breakeven position in the current quarter as well as in the preceding correspondence quarter.

Revenue in the current financial year-to-date increased from RM46.19 million compare to RM33.34 million in the preceding correspondence year-to-date. Despite the increased of the year-to-date revenue, the business segment reported a year-to-date loss before taxation of RM0.33 million compared to a profit before taxation of RM0.78 million in the preceding year corresponding year-to-date. This is mainly due to the high operation costs and recoverable of impairment loss on trade receivables of RM0.5 million recorded in the preceding year correspondence year-to-date.

B2. Material Change in the (Loss) / Profit Before Taxation for the Current Quarter as Compared with the Immediate Preceding Quarter

	Current Quarter 30 Sept 2017 RM'000	Preceding Quarter 30 Jun 2017 RM'000
Revenue	17,506	23,340
Profit / (Loss) before taxation	443	(590)

In current quarter, the Group revenue was decreased by 25.00% to RM17.50 million compared to immediate preceding quarter. This is mainly due to high revenue recorded in the preceding quarter as a result from the annual online games tournament held in 2nd Quarter of each year.

Despite the sharp decrease in revenue reported in current quarter, the Group has reported a profit before taxation of RM0.44 million. This was mainly contributed by the new projects secured in the IT business segment during the current quarter.

B3. Future Prospects

The business environment of the Group remain challenging and competitive in the last quarter of 2017. The management will continue to secure and explore new customer and new sales and market opportunities to ensure the Group report a profits to close the year of 2017.

B4. Profit Forecast and Profit Guarantee

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

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B5. Taxation

	Current Quarter 30 Sept 2017 RM'000	Year To Date 30 Sept 2017 RM'000
Current year taxation	119	204
Under/(Over) provision in prior year	216	216
Deferred taxation	-	-
	<u>335</u>	<u>420</u>

For current quarter and year to date, the effective tax rate is higher than the statutory tax rate mainly due to certain expenses are not deductible for income tax purposes.

B6. Status of Corporate Proposals

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

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 Sept 2017 are as follows:

	Short-term RM'000	Long-term RM'000	Total RM'000
<u>Secured</u>			
Term loan	306	6,424	6,730
Hire purchase & Finance lease payable	48	474	522
	<u>354</u>	<u>6,898</u>	<u>7,252</u>

The Group does not have any unsecured borrowings and debt securities as at 30 Sept 2017.

All borrowings of the Group are denominated in Ringgit Malaysia.

B8. Material Litigation

The Group is not engaged in any material litigation since the date of the last annual statement of financial position up to the date of issuance of this quarterly report.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B9. Dividend

There were no dividends declared during the financial year-to-date under review.

B10. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of shares in issue for the financial period, computed as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter	Preceding Year Corresponding Quarter	Current Year to-date	Preceding Year Corresponding Period
Profit/(Loss) attributable to the owners of the Company (RM'000)	107	(810)	(771)	(156)
Weighted average number of ordinary shares in issue ('000)	494,924	494,492	494,924	494,492
Basic earnings per share (sen)	0.02	(0.16)	(0.16)	(0.03)

(b) Diluted earnings per share

The basic and diluted earnings of the Company are the same as the warrants are not included in the calculation of diluted earnings per share because warrants are antidilutive during the current quarter and financial year-to-date.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – CONT'D

B11. Breakdown of Realised and Unrealised Group Accumulated Losses

The breakdown of accumulated losses of the Group for the current financial year-to-date and preceding financial year, is as follows:-

	30/09/2017	31/12/2016
	RM'000	RM'000
Total accumulated losses of the Group:		
- Realised	(6,405)	(5,979)
- Unrealised	(18)	366
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	(6,423)	(5,614)
Less : Consolidation adjustments	-	(38)
Total Group accumulated losses as per consolidated accounts	<hr/>	<hr/>
	(6,423)	(5,652)

B12. Profit for the Period

This is arrived at after charging/(crediting) the following items:

	Current Quarter	Year To Date
	30 Sept 2017	30 Sept 2017
	RM'000	RM'000
Interest income	38	79
Other income	11	89
Interest expenses	(84)	(250)
Depreciation and amortization	(89)	(326)
Unrealised Foreign exchange loss	(15)	(18)
Realised Foreign exchange gain/ (loss)	67	(171)

Other disclosure items required pursuant to Note 16 of Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.