

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

## **NOTES TO THE QUARTERLY REPORT – 31 DEC 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.

<b>Title</b>	<b>Effective Date</b>
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 are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

<b>Title</b>	<b>Effective Date</b>
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
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

At the date of authorisation of these interim financial statements, the above Standards were issued but yet to adopted / applied by the Group. The Group is currently in the process of assessment the impact of implementing those Standard. The effects would only be observable for next financial period.

### 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:-

	<b>IT business RM'000</b>	<b>Online Games RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b><u>31/12/2017</u></b>				
<b>Revenue</b>				
External revenue	14,443	45,141	-	59,584
Inter-segment revenue	6,689	-	(6,689)	-
Total segment revenue	<u>21,132</u>	<u>45,141</u>	<u>(6,689)</u>	<u>59,584</u>
<b>Results</b>				
Interest income				325
Finance costs				132
Depreciation and amortisation				(330)
Impairment loss on trade receivables				(407)
Deposits written off				(8,615)
Reversal of Impairment loss on trade receivables				(20)
Impairment of goodwill				139
Tax expense				(9,885)
Profit/(Loss) for the financial period				<u>(854)</u>
				<u>(19,515)</u>

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

	<b>IT business RM'000</b>	<b>Online Games RM'000</b>	<b>Elimination RM'000</b>	<b>Group RM'000</b>
<b><u>31/12/2016</u></b>				
<b>Revenue</b>				
External revenue	11,359	45,518	-	56,877
Inter-segment revenue	5,491	-	(5,491)	-
Total segment revenue	<u>16,850</u>	<u>45,518</u>	<u>(5,491)</u>	<u>56,877</u>
<b>Results</b>				
Interest income				2,910
Finance costs				2
Depreciation and amortisation				(142)
Impairment of development costs				(1,110)
Tax expense				(531)
Profit/(Loss) for the financial period				<u>-</u>
				<u>1,129</u>

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

**A9. Changes in the Composition of the Group**

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

**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**

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 decreased from RM15.92 million to RM3.91 million in the current quarter compared to the preceding correspondence quarter. The tremendous decreased in the Group total revenue is mainly due to the sharp decline in the online games segment.

The Group recorded a loss before taxation of RM18.31 million in the current quarter compared to a profit before taxation of RM1.10 million in the correspondence quarter a year ago. This is mainly due to recognition of potential impairment of trade receivables of RM8.61 million and a non-cash impairment loss of RM9.89 million against the goodwill derived from the acquisition of the online games segment. The impairment loss of RM9.89 million is mainly resulted from a downward revision in the discounting future cash flows primarily due to the sharp decline in revenue with the accelerated competition in the online games market.

The year to-date revenue increased by 4.75% from RM56.88 million to RM59.58 million compared to a year ago. This increased of revenue was mainly derived from the increase of RM3.08 million in the IT business segment.

Although the Group recorded a marginal increase of year-to-date revenue of 4.75%, the Group still recorded a loss before taxation of RM18.67 million compare to a profit before taxation of RM1.13 million in the previous year-to-date. This is mainly due to the recognition of potential impairment of trade receivables of RM8.61 million and impairment loss of goodwill of RM9.89 million.

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 RM4.96 million compared to RM3.74 million in the correspondence quarter a year ago, a jump of 32.62%. The huge jump in revenue in the current quarter has resulted a profit before taxation of RM0.67 million compare to a profit before taxation of RM0.06 million a year ago. The new IT implementation projects has improve the revenue as well as maximize the utilization of the manpower and hence, derived higher profit margin in the IT Business Segment.

The revenue in the current financial year-to-date jumped from RM11.36 million to RM 14.44 million, an increase of 27.11% compared to the correspondence year-to-date a year ago. The segment has turnaround with the profit before taxation of RM0.64 million in year-to-date compared to a loss before taxation of RM0.68 million in the preceding correspondence year-to-date. This is mainly due to the new IT implementation projects secured in second half of the year 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 RM5.36 million, a sharp decline compared to the correspondence quarter of RM12.18 million. This is mainly due to the stiff market competition starting October 2017. Moreover, there is a one-off reversal of revenue in different country erroneously included by the principal in territories belong to us totaling of RM7.06 million.

Revenue in the current financial year-to-date maintain at RM45.14 million. Although the 12 months revenue remained at the level of RM45.14 million, the online games segment reported a year-to-date loss before taxation of RM9.42 million compared to a profit before taxation of RM1.82 million in the preceding year corresponding year-to-date. This is mainly due to the recognition of potential impairment loss on trade receivables of RM 8.61 million in the current year to date whereas a recoverable of impairment loss of trade receivables of RM1.30 million was recorded in the preceding year corresponding year-to-date.

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

	<b>Current Quarter 31 Dec 2017 RM'000</b>	<b>Preceding Quarter 30 Sep 2017 RM'000</b>
Revenue	3,914	17,506
Profit / (Loss) before taxation	(18,310)	443

In current quarter, the Group revenue was decreased by 77.64% to RM3.91 million compared to immediate preceding quarter. This is mainly due to high competition in the online games segment and resulted a sharp decline in revenue.

The loss before taxation for the current quarter was RM18.31 million compared a profit before taxation of RM0.44 million in the preceding quarter. The extensive loss before taxation in current quarter is mainly due to the recognition of potential impairment loss on trade receivables of RM 8.61 million and the impairment loss of goodwill of RM9.89 million.

**B3. Future Prospects**

The business environment of the Group remain challenging and competitive in the year 2018. The management will continue to explore new business opportunity in both IT and Online Games segments to remain positive in 2018.

**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**

	<b>Current Quarter</b>	<b>Year To Date</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Current year taxation	434	638
Under/(Over) provision in prior year	-	216
Deferred taxation	-	-
	<u>434</u>	<u>854</u>

For current quarter and year to date, the effective tax rate is higher than the statutory tax rate mainly due to the additional income tax of RM0.28 million for the years of assessment 2013 and 2014 imposed by the Inland Revenue Board via Notice of Additional Assessment dated 29 December 2017.

**B6. Status of Corporate Proposals**

On 25 September 2017, the Group announced the Proposed Private Placement of up to 74,238,642 new ordinary shares in iDimension Consolidated Berhad to independent third party investor(s) to be identified at a late 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.

As at-to-date, the Group is yet to utilize the proceed from the private placement.

**B7. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 Dec 2017 are as follows:

	<b>Short-term</b>	<b>Long-term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Secured</u>			
Term loan	-	6,523	6,523
Hire purchase & Finance lease payable	-	492	492
	<u>-</u>	<u>7,015</u>	<u>7,015</u>

The Group does not have any unsecured borrowings and debt securities as at 31 Dec 2017.

All borrowings of the Group are denominated in Ringgit Malaysia.

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

**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.

**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:

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>Current Quarter</b>	<b>Preceding Year Corresponding Quarter</b>	<b>Current Year to-date</b>	<b>Preceding Year Corresponding Period</b>
Profit/(Loss) attributable to the owners of the Company (RM'000)	(18,744)	1,286	(19,515)	1,129
Weighted average number of ordinary shares in issue ('000)	543,924	494,492	543,924	494,492
Basic earnings per share (sen)	(3.45)	0.26	(3.59)	0.23

(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:-

	<b>31/12/2017</b>	<b>31/12/2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Total accumulated losses of the Group:		
- Realised	(25,147)	(5,979)
- Unrealised	(20)	366
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	(25,167)	(5,614)
Less : Consolidation adjustments	-	(38)
Total Group accumulated losses as per consolidated accounts	<hr/>	<hr/>
	(25,167)	(5,652)

**B12. Profit for the Period**

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

	<b>Current Quarter</b>	<b>Year To Date</b>
	<b>31 Dec 2017</b>	<b>31 Dec 2017</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest income	53	132
Other income	45	134
Interest expenses	(80)	(330)
Depreciation and amortization	(81)	(407)
Impairment loss on trade receivables	(8,615)	(8,615)
Impairment loss on goodwill	(9,885)	(9,885)
Reversal of impairment loss on trade receivables	139	139
Unrealised Foreign exchange gain/(loss)	(2)	(20)
Deposits written off	(20)	(20)
Realised Foreign exchange gain/ (loss)	(162)	(333)

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.

**B13. Change of Financial Year End**

On 12 February 2018, the Board of Directors has approved the change in the financial year end of the Company from 31 December to 30 June. The new financial year will commence from 1 January 2017 to 30 June 2018 covering a period of eighteen (18) months.