

G3 GLOBAL BERHAD (Company No. 570396-D)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2018****(The figures have not been audited)**

	As At End Of Current Quarter 30.9.18 RM'000	As At Preceding Financial Period End 31.12.17 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,604	1,900
Investment property	110	110
Intangible assets	4,845	3,333
	<u>6,559</u>	<u>5,343</u>
Current assets		
Inventories	9,489	11,497
Trade receivables	10,075	4,158
Other receivables and deposits	18,371	5,096
Current tax assets	23	23
Cash and bank balances	9,479	39,805
	<u>47,437</u>	<u>60,579</u>
Assets classified as held for sale	19,550	19,485
TOTAL ASSETS	<u>73,546</u>	<u>85,407</u>
EQUITY & LIABILITIES		
Equity attributable to owners of the parent		
Share capital	68,750	68,750
Accumulated losses	(10,239)	(908)
Total equity	<u>58,511</u>	<u>67,842</u>
Non-current liabilities		
Deferred taxation	444	-
	<u>444</u>	<u>-</u>
Current liabilities		
Trade payables	3,878	3,292
Other payables and accruals	7,270	4,762
Borrowings	364	2,158
Current tax liabilities	19	19
	<u>11,531</u>	<u>10,231</u>
Liabilities classified as held for sale	3,060	7,334
Total liabilities	<u>15,035</u>	<u>17,565</u>
TOTAL EQUITY & LIABILITIES	<u>73,546</u>	<u>85,407</u>
Net Assets per Share (RM)	0.1418	0.1645

Note :

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the period ended 31 December 2017.

G3 GLOBAL BERHAD (Company No. 570396-D)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To Date	Corresponding
	30.9.18	Quarter	30.9.18	Quarter
	RM'000	30.9.17	RM'000	30.9.17
		RM'000		RM'000
Revenue	4,129	-	21,450	-
Operating expenses	(8,340)	-	(32,768)	-
Other operating income	471	-	2,029	-
Profit (loss) from operations	(3,740)	-	(9,289)	-
Finance cost	(6)	-	(41)	-
Profit (loss) before tax	(3,746)	-	(9,330)	-
Taxation	-	-	-	-
Net profit (loss) for the period	(3,746)	-	(9,330)	-
Other comprehensive income/(loss), net of tax	-	-	-	-
Total comprehensive loss for the period	(3,746)	-	(9,330)	-
Basic loss per share attributable to owners of the parent (sen)	(0.91)	-	(2.26)	-

Note :

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the period ended 31 December 2017.

Due to the change in financial year end from 31 July 2017 to 31 December 2017, there are no comparative figures for this quarter.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

(The figures have not been audited)

	Attributable to Owners of the Company-----				Non- controlling Interests	Total Equity
	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000		
Third Quarter ended <u>30.9.18</u>						
Balance at 1.1.2018	68,750	-	(909)	67,841	-	67,841
Share issue expenses		-	-	-	-	-
Total comprehensive loss for the period	-	-	(9,330)	(9,330)	-	(9,330)
Balance at 30.9.2018	<u>68,750</u>	-	<u>(10,239)</u>	<u>58,511</u>	-	<u>58,511</u>
Other Quarter Ended <u>31.12.17</u>						
Balance at 1.8.2016	68,750	239	(43,111)	25,878	-	25,878
Share capital reduction	(55,000)					
Rights issue	55,000		55,000			
Share issue expenses		(239)				
Total comprehensive loss for the period	-	-	(12,798)	(12,798)	-	(12,798)
Balance at 31.12.2017	<u>68,750</u>	-	<u>(909)</u>	<u>67,841</u>	-	<u>67,841</u>

Note :

The unaudited Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Group's audited financial statements for the period ended 31 December 2017. The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018**

(The figures have not been audited)

	Cumulative Current Year Quarter 30.9.18 RM'000	Cumulative Preceding Year Quarter N/A RM'000
Cash flows from operating activities		
Loss before taxation	(9,330)	-
Adjustments for :		
- Non-cash items	1,091	-
- Non-operating items	41	-
Operating loss before working capital changes	(8,198)	-
Inventories	2,007	-
Receivables	(23,020)	-
Payables	3,365	-
Cash from operations	(25,846)	-
Interest paid	(41)	-
Income tax refunded (paid)	-	-
Net cash (used in)/from operating activities	(25,887)	-
Cash flows from investing activities		
Interest received	-	-
Development costs	-	-
Changes in assets held for sale	(65)	-
Purchase of property, plant and equipment	(1,862)	-
Net cash from/(used in) investing activities	(1,927)	-
Cash flows from financing activities		
(Repayment)/ Drawdown of bankers acceptance	(2,065)	-
Changes in liabilities held for sale	(447)	-
Repayment of bank borrowings	-	-
Net cash used in financing activities	(2,512)	-
Net (decrease)/increase in cash and cash equivalents	(30,326)	-
Cash and cash equivalents at beginning	39,805	-
Cash and cash equivalents at end	9,479	-
Represented by:		
Cash and bank balances	9,479	-
Bank overdrafts	-	-
	9,479	-

Note :

The Condensed Consolidated Cash Flow Statement should be read in conjunction with Financial Report for the period ended 31 December 2017 and the accompanying to the interim financial statements.

Due to the change in financial year end from 31 July 2017 to 31 December 2017, there are no comparative figures for this quarter.

**SELECTED EXPLANATORY NOTES
30 SEPTEMBER 2018**

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS"), MFRS 134: Interim Financial Reporting and paragraph 9.22 and Part A of Appendix 9B of the 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 period ended 31 December 2017. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of G3 Global Berhad. ("G3" or "Company") and its subsidiary companies (hereinafter referred to as the "Group") since the financial period ended 31 December 2017.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial period ended 31 December 2017.

2. Audit Report

The auditors' report on the financial statements for the period ended 31 December 2017 was not qualified.

3. Seasonality or Cyclicalities

Major festivals and carnival sales have an impact on revenue and earnings of the Group's Apparel Division, which is involved in the distribution of fashion apparels. The ICT Division is not subject to seasonal factors.

4. Exceptional items

There were no exceptional items for the period under review.

5. Estimates

There were no changes to the estimates that have been used in the preparation of the current financial statements.

6. Changes in debt or equity securities

There were no issuance or repayment of debt or equity securities for the current financial year to date.

7. Dividends

No dividend has been proposed for the current financial period to date.

8. Segmental Reporting

The analysis of the Group by business activities is as follows:

	<u>Apparel</u>	<u>ICT</u>	<u>Total</u>
<u>Period ended 30 Sept 2018</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Revenue	15,223	6,227	21,450
Loss before tax	(3,981)	(5,349)	(9,330)
<u>As at 30 Sept 2018</u>			
Assets Employed	41,299	32,247	73,546

**SELECTED EXPLANATORY NOTES
30 SEPTEMBER 2018**

Geographical Segments

The business of the Group is managed principally in Malaysia and its products are distributed mainly in Malaysia. Geographical segmental information is not prepared as the Group's revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and non-cash expenses are mainly confined to one geographical segment.

9 Valuation of Property, Plant and Equipment

There were no changes in the valuation of property, plant and equipment since the last audited financial statements for the period ended 31 December 2017.

10 Subsequent Events

There were no material events that have arisen between the end of the reporting quarter and the date of this announcement.

11 Changes In The Composition of The Group

Changes in the composition of the Group for the financial year to date are as follows:

a) On 16 April 2018, Atilze Digital Sdn Bhd (Atilze), a wholly owned subsidiary of G3 Global acquired 400 shares of Above Drive Sdn Bhd (ADSB) representing 14.29% of ADSB making ADSB a wholly owned subsidiary of Atilze.

b) On 13 July 2018, G3 Global has incorporated a new wholly owned subsidiary, Connected Mobility Technologies Sdn Bhd with a share capital of 100 shares, which was later increased to 100,000 shares with G3 Global holding 55,000 shares equivalent to a 55% equity stake in the subsidiary.

c) On 6 August 2018, G3 Global acquired 100% equity interest equivalent to 2,800 ordinary shares of Atilze Solutions Sdn Bhd from Atilze, its wholly owned subsidiary, for cash consideration of RM2,800.

d) On 21 September 2018, G3 Global has incorporated a new wholly owned subsidiary, Atilze AI Sdn Bhd comprising 1 ordinary share for RM1.

12 Contingent Liabilities and Contingent Assets

There were no contingent liabilities and contingent assets of a material nature as at the date of this report.

13 Capital Commitments

There are no outstanding capital commitments at the end of the current quarter.

14 Review Of Performance

Group turnover achieved for the quarter was RM4.1 million. The turnover achieved was lower than preceding quarters as the quarter was in the lean business period after the Hari Raya festive season. The Group recorded a loss before tax of RM3.7 million for the quarter due to higher fixed advertising and promotion costs incurred in the quarter and high start up costs incurred by the ICT business.

Due to the change in the financial year end of the Group, there are no comparative analysis for this quarter.

15 Material change in profit before taxation as compared to preceding quarter

The turnover of RM4.1 million for this quarter was lower than that achieved in the preceding quarter of RM12.9 million due to sales from the festive season being captured in the previous quarter. In view of the lower turnover, the Group suffered a higher loss before tax of RM3.7 million for this reporting quarter as compared to a loss of RM1.6 million recorded in the previous quarter.

16 Current Year Prospects

The apparel division achieved a turnover of RM15.2 million for the year to date which was below our expectations due to poor market conditions for the industry. We do not anticipate any significant pick up in market sentiment for the rest of the financial year. The ICT business achieved a turnover of RM6.2 million for the period has incurred some development and start up costs and we hope to see better contribution to sales from this division in this financial year. By our expansion into the ICT business which includes the provision of Internet of Things (IoT) solutions and services, the Group will be well positioned to take advantage of improving prospects of the ICT industry for the current financial year and in the future.

SELECTED EXPLANATORY NOTES
30 SEPTEMBER 2018
17 Taxation

	Current Year Quarter 30.9.18 RM'000	Current Year To Date 30.9.18 RM'000
Taxation comprise the following :		
Based on profit for the period :		
- Current tax(overprovision)	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>

Reconciliation of statutory tax rate to effective tax rate :

	Current Year Quarter 30.9.18 %	Current Year To Date 30.9.18 %
Statutory tax rate	24	24
Tax impact of losses in subsidiary companies	<u>(24)</u>	<u>(24)</u>
	<u>-</u>	<u>-</u>

18 Treasury Shares

As at to date, the Company does not hold any treasury shares.

19 Group Borrowings and Debt Securities

There were no borrowings or debt securities as at end of the quarter.

20 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

21 Material Litigation

The Group does not have any material litigation as at the date of this report.

22 Profit /(Loss) Before Taxation

This is arrived at:

	Current Year Quarter 30.9.18 RM'000	Current Year To Date 30.9.18 RM'000
After charging :		
Depreciation and amortization	142	547
Interest expense	-	35
And crediting :		
Royalty income	233	973
Rental income	47	141
	<u>-</u>	<u>-</u>

SELECTED EXPLANATORY NOTES
30 SEPTEMBER 2018
23 Basis of calculation of loss per share

The basic loss per share for the quarter and cumulative year to date are computed as follow:

	Individual Current Year Quarter 30.9.18	Cumulative Current Year To Date 30.9.18
Net profit (loss) for the period (RM'000)	<u>(3,746)</u>	<u>(9,330)</u>
Weighted average number of ordinary shares in issue ('000)	<u>412,500</u>	<u>412,500</u>
Basic Profit (Loss) Per Share (sen)	<u>(0.91)</u>	<u>(2.26)</u>

24 Utilisation of proceeds

Proceeds amounting to RM55 million from the rights issue completed on 5 October 2017 has been utilised as follows as at 30 September 2018:

Utilisation Purpose	Proceeds Utilisation RM'000	Actual Utilised To Date RM'000	Balance Unutilised RM'000	Proposed Timeframe for utilisation
Expansion of ICT business	37,113	21,592	15,521	Within 24 months
Expansion of apparel business	4,375	4,375	0	Within 24 months
Repayment of borrowings	8,000	8,000	0	Within 3 months
Working capital	4,312	4,312	0	Within 6 months
Corporate exercise expenses	1,200	1,200	0	Within 2 weeks
	<u>55,000</u>	<u>39,479</u>	<u>15,521</u>	

25 Corporate Proposals

On 19 December 2017, the Company has signed conditional 2 Share Sale Agreements(SSA) with Jelapang Subur Sdn Bhd (JSSB) for the disposal of 100% equity in 2 wholly owned subsidiaries being 100,000 ordinary shares in Evatech Sdn Bhd for a cash consideration of RM11,254,000 and 200,000 ordinary shares in Uni Jeans Care Sdn Bhd for a cash consideration of RM1,732,000.

On 15 August 2018, the Company has signed 2 Novation Agreements with JSSB whereby JSSB has novated all its rights and obligations under the previous SSA in respect of its purchase of the shares of Evatech and Uni Jeans Care to N-2 Jeansmaker Sdn Bhd (N2) with cash considerations unchanged. The Company has also signed 2 Supplementary Share Purchase Agreements with N2 to vary certain terms and conditions in the SSA. The disposals are pending completion as at the date of this announcement.