

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2018**

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

|  | As At End<br>Of Current<br>Quarter<br>31.12.18<br>RM'000 | As At<br>Preceding<br>Financial<br>Period End<br>31.12.17<br>RM'000 |
|--|--|---|
| <b>ASSETS</b>                                      |  |   |
| <b>Non-current assets</b>                          |  |   |
| Property, plant and equipment                      | 2,093  | 1,900   |
| Investment property                                | 106  | 110   |
| Intangible assets                                  | 5,359  | 3,333   |
|  | <u>7,558</u>   | <u>5,343</u>  |
| <b>Current assets</b>                              |  |   |
| Inventories  | 7,473  | 11,497  |
| Trade receivables                                  | 11,719   | 4,158   |
| Other receivables and deposits                     | 1,411  | 5,096   |
| Current tax assets                                 | -  | 23  |
| Cash and bank balances                             | 31,361   | 39,805  |
|  | <u>51,964</u>  | <u>60,579</u>   |
| Assets classified as held for sale                 | -  | 19,485  |
| <b>TOTAL ASSETS</b>                                | <u>59,522</u>  | <u>85,407</u>   |
| <b>EQUITY &amp; LIABILITIES</b>                    |  |   |
| <b>Equity attributable to owners of the parent</b> |  |   |
| Share capital                                      | 68,750   | 68,750  |
| Accumulated losses                                 | (18,050)   | (908)   |
|  | <u>50,700</u>  | <u>67,842</u>   |
| Non-controlling interest                           | 39   | -   |
| <b>Total equity</b>                                | <u>50,739</u>  | <u>67,842</u>   |
| <b>Non-current liabilities</b>                     |  |   |
| Deferred taxation                                  | -  | -   |
|  | <u>-</u>   | <u>-</u>  |
| <b>Current liabilities</b>                         |  |   |
| Trade payables                                     | 4,798  | 3,292   |
| Other payables and accruals                        | 3,620  | 4,762   |
| Borrowings   | 344  | 2,158   |
| Amount due to director                             | 2  | -   |
| Current tax liabilities                            | 19   | 19  |
|  | <u>8,783</u>   | <u>10,231</u>   |
| Liabilities classified as held for sale            | -  | 7,334   |
| <b>Total liabilities</b>                           | <u>8,783</u>   | <u>17,565</u>   |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>              | <u>59,522</u>  | <u>85,407</u>   |
| <b>Net Assets per Share (RM)</b>                   | 0.1230   | 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.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2018  
(The figures have not been audited)**

|  | Individual Quarter<br>Current<br>Year<br>Quarter<br>31.12.18<br>RM'000 | Preceding<br>Year<br>Corresponding<br>Quarter<br>31.12.17<br>RM'000 | Cumulative Quarter<br>Current<br>Year<br>To Date<br>31.12.18<br>RM'000 | Preceding<br>Year<br>Corresponding<br>Quarter<br>31.12.17<br>RM'000 |
|--|--|---|--|---|
| Revenue  | 7,919  | -   | 29,369   | -   |
| Operating expenses   | (15,904)   | -   | (48,672)   | -   |
| Other operating income   | 164  | -   | 2,193  | -   |
| Profit (loss) from operations                                      | (7,821)  | -   | (17,110)   | -   |
| Finance cost   | 27   | -   | (14)   | -   |
| Profit (loss) before tax   | (7,794)  | -   | (17,124)   | -   |
| Taxation   | -  | -   | (23)   | -   |
| Net profit (loss) for the period                                   | (7,794)  | -   | (17,147)   | -   |
| Non-controlling interest   | 5  | -   | 5  | -   |
| Total comprehensive loss for the period                            | (7,789)  | -   | (17,142)   | -   |
| Basic loss per share attributable to<br>owners of the parent (sen) | (1.89)   | -   | (4.16)   | -   |

**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 FOURTH QUARTER ENDED 31 DECEMBER 2018**  
(The figures have not been audited)

|  | -----Attributable to Owners of the Company----- |         |             |          | Non-        | Total    |
|--|---|---------|-------------|----------|-------------|----------|
|  | <-----Non-distributable----->                   |         |             |          | controlling | Equity   |
|  | Share   | Share   | Accumulated | Total    | Interests   |          |
|  | Capital   | Premium | Losses      |          |             |          |
|  | RM'000  | RM'000  | RM'000      | RM'000   | RM'000      | RM'000   |
| Fourth Quarter ended<br><u>31.12.18</u>    |   |         |             |          |             |          |
| Balance at 1.1.2018                        | 68,750  | -       | (908)       | 67,842   | -           | 67,842   |
| Transactions with owners:                  |   | -       | -           | -        |             | -        |
| Acquisition of equity interest             |   |         |             |          | 44          | 44       |
| Total comprehensive<br>loss for the period | -   | -       | (17,142)    | (17,142) | (5)         | (17,147) |
| Balance at 31.12.2018                      | 68,750  | -       | (18,050)    | 50,700   | 39          | 50,739   |
| Other Quarter Ended<br><u>31.12.17</u>     |   |         |             |          |             |          |
| Balance at 1.8.2016                        | 68,750  | 239     | (43,111)    | 25,878   | -           | 25,878   |
| Share capital reduction                    | (55,000)  |         | 55,000      | -        | -           | -        |
| Rights issue                               | 55,000  |         |             | 55,000   | -           | 55,000   |
| Share issue expenses                       |   | (239)   | -           | (239)    | -           | (239)    |
| Total comprehensive loss<br>for the period | -   | -       | (12,798)    | (12,798) | -           | (12,798) |
| Balance at 31.12.2017                      | 68,750  | -       | (909)       | 67,841   | -           | 67,841   |

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 FOURTH QUARTER ENDED 31 DECEMBER 2018**

(The figures have not been audited)

|  | Cumulative<br>Current Year<br>Quarter<br>31.12.18<br>RM'000 | Cumulative<br>Preceding Year<br>Quarter<br>N/A<br>RM'000 |
|--|---|--|
| <b>Cash flows from operating activities</b>          |   |  |
| Loss before taxation                                 | (17,124)  | -  |
| Adjustments for :                                    |   |  |
| - Non-cash items                                     | 397   | -  |
| - Non-operating items                                | 14  | -  |
| Operating loss before working capital changes        | (16,713)  | -  |
| Inventories  | 4,024   | -  |
| Receivables  | (7,703)   | -  |
| Payables   | 662   | -  |
| Cash from operations                                 | (19,730)  | -  |
| Interest paid  | (14)  | -  |
| Income tax refunded (paid)                           | -   | -  |
| Net cash (used in)/from operating activities         | (19,744)  | -  |
| <b>Cash flows from investing activities</b>          |   |  |
| Interest received                                    | -   | -  |
| Development costs                                    | -   | -  |
| Changes in assets held for sale                      | 19,485  | -  |
| Purchase of property, plant and equipment            | (2,612)   | -  |
| Net cash from/(used in) investing activities         | 16,873  | -  |
| <b>Cash flows from financing activities</b>          |   |  |
| (Repayment)/ Drawdown of bankers acceptance          | (2,065)   | -  |
| Changes in liabilities held for sale                 | (3,508)   | -  |
| Repayment of bank borrowings                         | -   | -  |
| Net cash used in financing activities                | (5,573)   | -  |
| Net (decrease)/increase in cash and cash equivalents | (8,444)   | -  |
| Cash and cash equivalents at beginning               | 39,805  | -  |
| Cash and cash equivalents at end                     | 31,361  | -  |
| <b>Represented by:</b>                               |   |  |
| Cash and bank balances                               | 31,361  | -  |
| Bank overdrafts                                      | -   | -  |
|  | 31,361  | -  |

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**

**31 DECEMBER 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 Cyclicity**

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>Year ended 31 December 2018</u> | <u>RM'000</u>  | <u>RM'000</u> | <u>RM'000</u> |
| Revenue                            | 16,917         | 12,452        | 29,369        |
| Loss before tax                    | (10,298)       | (6,826)       | (17,124)      |
| <u>As at 31 December 2018</u>      |                |               |               |
| Assets Employed                    | 22,519         | 37,003        | 59,522        |

**SELECTED EXPLANATORY NOTES**

**31 DECEMBER 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. ADSB was subsequently renamed as Atilze Solutions Sdn Bhd.
- 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.
- e) G3 Global has on 24 December 2018 incorporated AG3 Sdn Bhd, an 80% owned subsidiary, with paid up capital of RM100 comprising 100 ordinary shares.

**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 RM7.9 million. The turnover achieved was slightly higher than normal due to end of year and Christmas festive season. However, the Group recorded a loss before tax of RM7.8 million for the quarter in view of continuing high operating costs and overheads incurred in the quarter and high business development 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 RM7.9 million for this quarter was higher than that achieved in the preceding quarter of RM4.1 million due to festive period sales being captured in the previous quarter. Despite of the higher turnover, the Group suffered a higher loss before tax of RM7.8 million for this reporting quarter as compared to a loss of RM3.7 million recorded in the previous quarter as the group continue to invest to grow the ICT business.

**16 Current Year Prospects**

The Group achieved a turnover of RM29.4 million for the year despite of poor market conditions for the industry. The ICT business continues to show growth potential despite incurring losses due to business development costs and we hope to see better contribution to sales from this division in the new financial year. The setting up of various new subsidiaries will drive the growth in the ICT business including the provision of Internet of Things (IoT) solutions and services like connected commercial vehicles and sensor hubs, and AI smart cameras. The Group will be well positioned to take advantage of improving prospects of the ICT industry for the current financial year.

**SELECTED EXPLANATORY NOTES**  
**31 DECEMBER 2018**
**17 Taxation**

|                                   | Current Year<br>Quarter<br>31.12.18<br>RM'000 | Current Year<br>To Date<br>31.12.18<br>RM'000 |
|-----------------------------------|---|---|
| Taxation comprise the following : |   |   |
| Based on profit for the period :  |   |   |
| - Current tax(overprovision)      | -   | 23  |
| - Deferred taxation               | -   | -   |
|                                   | <u>-</u>                                      | <u>23</u>                                     |

Reconciliation of statutory tax rate to effective tax rate :

|  | Current Year<br>Quarter<br>31.12.18<br>% | Current Year<br>To Date<br>31.12.18<br>% |
|--|--|--|
| 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 except for RM345,000 of balance of hire purchase commitments.

**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<br>Quarter<br>31.12.18<br>RM'000 | Current Year<br>To Date<br>31.12.18<br>RM'000 |
|-------------------------------|---|---|
| After charging :              |   |   |
| Depreciation and amortization | 100   | 397   |
| Interest expense              | -   | 14  |
| And crediting :               |   |   |
| Royalty income                | 354   | 1,327   |
| Rental income                 | 11  | 45  |
|                               | <u>365</u>                                    | <u>1,486</u>                                  |

## SELECTED EXPLANATORY NOTES

31 DECEMBER 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<br>Current Year<br>Quarter<br>31.12.18 | Cumulative<br>Current Year<br>To Date<br>31.12.18 |
|--|---|---|
| Net profit (loss) for the period (RM'000)                  | <u>(7,789)</u>                                    | <u>(17,142)</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>(1.89)</u>                                     | <u>(4.16)</u>                                     |

**24 Utilisation of proceeds**

Proceeds amounting to MR55 million from the rights issue completed on 5 October 2017 has been utilised as follows as at 31 December 2019:

| Utilisation Purpose           | Proceeds<br>Utilisation<br>RM'000 | Actual<br>Utilised<br>To Date<br>RM'000 | Balance<br>Unutilised<br>RM'000 | Proposed<br>Timeframe<br>for utilisation |
|-------------------------------|-----------------------------------|---|---------------------------------|--|
| Expansion of ICT business     | 37,113                            | 27,533                                  | 9,580                           | 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>45,420</u>                           | <u>9,580</u>                    |  |

**25 Corporate Proposals**

On 19 December 2017, the Company has signed 2 conditional 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 have been completed on 8 January 2019.