

G3 GLOBAL BERHAD (Company No. 570396-D)**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 MARCH 2019****(The figures have not been audited)**

	As At End Of Current Quarter 31.3.19 RM'000	As At Preceding Financial Period End 31.12.18 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,196	2,049
Investment property	106	106
Intangible assets	5,417	5,359
	<u>7,719</u>	<u>7,514</u>
Current assets		
Inventories	6,915	7,473
Trade receivables	14,421	11,719
Other receivables and deposits	3,142	1,411
Current tax assets	-	-
Cash and bank balances	23,106	31,361
	<u>47,584</u>	<u>51,964</u>
TOTAL ASSETS	<u>55,303</u>	<u>59,478</u>
EQUITY & LIABILITIES		
Equity attributable to owners of the parent		
Share capital	68,750	68,750
Accumulated losses	(20,462)	(18,101)
	<u>48,288</u>	<u>50,649</u>
Non-controlling interest	45	39
Total equity	<u>48,333</u>	<u>50,688</u>
Non-current liabilities		
Borrowings	261	261
	<u>261</u>	<u>261</u>
Current liabilities		
Trade payables	2,918	4,798
Other payables and accruals	3,709	3,629
Borrowings	63	83
Current tax liabilities	19	19
	<u>6,709</u>	<u>8,529</u>
Total liabilities	<u>6,970</u>	<u>8,790</u>
TOTAL EQUITY & LIABILITIES	<u>55,303</u>	<u>59,478</u>
Net Assets per Share (RM)	0.1170	0.1230

Note :

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2018.

G3 GLOBAL BERHAD (Company No. 570396-D)**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2019
(The figures have not been audited)**

	Individual Quarter Current Year Quarter 31.3.19 RM'000	Preceding Year Corresponding Quarter 31.3.18 RM'000	Cumulative Quarter Current Year To Date 31.3.19 RM'000	Preceding Year Corresponding Quarter 31.3.18 RM'000
Revenue	6,086	4,390	6,086	4,390
Operating expenses	(9,093)	(9,294)	(9,093)	(9,294)
Other operating income	<u>655</u>	<u>951</u>	<u>655</u>	<u>951</u>
Profit (loss) from operations	(2,352)	(3,953)	(2,352)	(3,953)
Finance cost	<u>(9)</u>	<u>(22)</u>	<u>(9)</u>	<u>(22)</u>
Profit (loss) before tax	(2,361)	(3,975)	(2,361)	(3,975)
Taxation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net profit (loss) for the period	<u>(2,361)</u>	<u>(3,975)</u>	<u>(2,361)</u>	<u>(3,975)</u>
Non-controlling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>(2,361)</u>	<u>(3,975)</u>	<u>(2,361)</u>	<u>(3,975)</u>
Basic loss per share attributable to owners of the parent (sen)	<u>(0.57)</u>	<u>(0.96)</u>	<u>(0.57)</u>	<u>(0.96)</u>

Note :

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2018.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

	-----Attributable to Owners of the Company-----			Non- controlling Interests	Total Equity
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000		
First Quarter ended 31.3.19					
Balance at 1.1.2019	68,750	(18,101)	50,649	39	50,688
Total comprehensive loss for the period	-	(2,361)	(2,361)	6	(2,355)
Balance at 31.3.2019	<u>68,750</u>	<u>(20,462)</u>	<u>48,288</u>	<u>45</u>	<u>48,333</u>
First Quarter Ended 31.3.18					
Balance at 1.1.2018	68,750	(909)	67,841	-	67,841
Total comprehensive loss for the period	-	(3,975)	(3,975)	-	(3,975)
Balance at 31.3.2018	<u>68,750</u>	<u>(4,884)</u>	<u>63,866</u>	<u>-</u>	<u>63,866</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 year ended 31 December 2018. The accompanying notes are an integral part of this statement.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019**

(The figures have not been audited)

	Cumulative Current Year Quarter 31.3.19 RM'000	Cumulative Preceding Year Quarter 31.3.18 RM'000
Cash flows from operating activities		
Loss before taxation	(2,361)	(3,975)
Adjustments for :		
- Non-cash items	34	868
- Non-operating items	9	22
Operating loss before working capital changes	<u>(2,318)</u>	<u>(3,085)</u>
Inventories	558	1,154
Receivables	(4,432)	(14,543)
Payables	(1,815)	804
Cash from operations	<u>(8,007)</u>	<u>(15,670)</u>
Interest paid	(9)	(22)
Income tax refunded (paid)	-	-
Net cash (used in)/from operating activities	<u>(8,016)</u>	<u>(15,692)</u>
Cash flows from investing activities		
Interest received	-	-
Development costs	-	-
Changes in assets held for sale	-	(474)
Purchase of property, plant and equipment	(239)	(235)
Net cash from/(used in) investing activities	<u>(239)</u>	<u>(709)</u>
Cash flows from financing activities		
(Repayment)/ Drawdown of bankers acceptance	-	(2,065)
Changes in liabilities held for sale	-	-
Repayment of bank borrowings	-	-
Net cash used in financing activities	<u>-</u>	<u>(2,065)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(8,255)</u>	<u>(18,466)</u>
Cash and cash equivalents at beginning	<u>31,361</u>	<u>39,805</u>
Cash and cash equivalents at end	<u><u>23,106</u></u>	<u><u>21,339</u></u>
Represented by:		
Cash and bank balances	23,106	21,339
Bank overdrafts	-	-
	<u><u>23,106</u></u>	<u><u>21,339</u></u>

Note :

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2018 and the accompanying notes to the interim financial statements.

SELECTED EXPLANATORY NOTES

31 MARCH 2019

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 year ended 31 December 2018. 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 year ended 31 December 2018.

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the financial year ended 31 December 2018.

2. Audit Report

The auditors' report on the financial statements for the year ended 31 December 2018 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>Quarter ended 31 March 2019</u>	<u>Apparel</u> <u>RM'000</u>	<u>ICT</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
Revenue	2,922	3,164	6,086
Loss before tax	(1,274)	(1,087)	(2,361)

As at 31 March 2019

Assets Employed	20,795	34,508	55,303
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SELECTED EXPLANATORY NOTES

31 MARCH 2019

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 year ended 31 December 2018.

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) Myedge AI Sdn Bhd was incorporated in Malaysia on 7 May 2019 as a 70% owned subsidiary of G3 Global. The issued share capital of Myedge AI is RM1,000 comprising of 1,000 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 RM6.1 million. The turnover achieved was higher than the corresponding quarter last year of RM4.4 million by 38.6%. This was due to improved sales achieved by the ICT business. However, the Group recorded a loss before tax of RM2.4 million for the quarter which is lower by 40.6% as compared to the loss before tax of RM4.0 million incurred in the corresponding quarter in the previous year due to high start up costs incurred by the ICT division in the previous year's quarter.

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

The turnover of RM6.1 million for this quarter was lower than that achieved in the preceding quarter of RM7.9 million due to lower sales invoiced out for this quarter by the ICT division. Despite the lower turnover, the Group suffered a reduced loss before tax of RM2.4 million for this reporting quarter as compared to a loss of RM7.8 million recorded in the previous quarter due to high impairment of receivables and inventories in the previous quarter.

16 Current Year Prospects

The Group achieved a turnover of RM6.1 million for the first quarter of the year which was within expectations. The ICT business continues to show growth potential despite incurring losses as the Group prepares to move into the field of Artificial Intelligence, a new area of growth for the Group. The setting up various subsidiaries to undertake new related businesses in the ICT business will see improvement in sales for the Group. 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 MARCH 2019
17 Taxation

	Current Year Quarter 31.3.19 RM'000	Current Year To Date 31.3.19 RM'000
Taxation comprise the following :		
Based on profit for the period :		
- Current tax(overprovision)	-	-
- Deferred taxation	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Reconciliation of statutory tax rate to effective tax rate :

	Current Year Quarter 31.3.19 %	Current Year To Date 31.3.19 %
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 RM324,000 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 Quarter 31.3.19 RM'000	Current Year To Date 31.3.19 RM'000
After charging :		
Depreciation and amortization	92	92
Interest expense	9	9
And crediting :		
Royalty income	190	190
	<u>190</u>	<u>190</u>

SELECTED EXPLANATORY NOTES

31 MARCH 2019

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 31.3.19	Cumulative Current Year To Date 31.3.19
Net profit (loss) for the period (RM'000)	<u>(2,361)</u>	<u>(2,361)</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>(0.57)</u>	<u>(0.57)</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 March 2019:

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	35,854	1,259	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>53,741</u>	<u>1,259</u>	

25 Corporate Proposals

On 29 March 2019, the Company announced a proposal to undertake the establishment and implementation of a Share Grant Scheme ('SGS') of up to 10% of the total number of issued shares of G3 (excluding treasury shares, if any) at any point in time during the duration of the Proposed SGS for the executive directors and employees of G3 and its subsidiaries who fulfil the eligibility criteria.