

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

(The figures have not been audited)

	As At End Of Current Quarter 31.12.19 RM'000	As At Preceding Financial Period End 31.12.18 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,030	2,049
Investment property	-	106
Intangible assets	3,511	5,359
	<u>5,541</u>	<u>7,514</u>
<b>Current assets</b>		
Inventories	1,064	7,473
Trade receivables	10,813	11,719
Other receivables and deposits	18,437	1,411
Cash and bank balances	10,353	31,361
	<u>40,667</u>	<u>51,964</u>
<b>TOTAL ASSETS</b>	<u>46,208</u>	<u>59,478</u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	74,303	68,750
Accumulated losses	(34,496)	(18,101)
	<u>39,807</u>	<u>50,649</u>
Non-controlling interest	35	39
<b>Total equity</b>	<u>39,842</u>	<u>50,688</u>
<b>Non-current liabilities</b>		
Contract liabilities	56	-
Lease liabilities	536	-
Borrowings	-	261
	<u>592</u>	<u>261</u>
<b>Current liabilities</b>		
Trade payables	4,082	4,798
Other payables and accruals	1,407	3,629
Borrowings	-	83
Lease liabilities	266	-
Current tax liabilities	19	19
	<u>5,774</u>	<u>8,529</u>
<b>Total liabilities</b>	<u>6,366</u>	<u>8,790</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<u>46,208</u>	<u>59,478</u>
<b>Net Assets per Share (RM)</b>	0.09	0.12

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.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2019  
(The figures have not been audited)**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.19 RM'000	Preceding Year Corresponding Quarter 31.12.18 RM'000	Current Year To Date 31.12.19 RM'000	Preceding Year Corresponding Quarter 31.12.18 RM'000
Revenue	4,852	7,919	14,214	29,837
Operating expenses	(13,276)	(15,904)	(30,942)	(50,054)
Other operating income	592	164	964	3,140
Loss from operations	(7,832)	(7,821)	(15,764)	(17,077)
Finance income/(cost)	(12)	27	(12)	(14)
Loss before tax	(7,844)	(7,794)	(15,776)	(17,091)
Taxation	-	-	-	(23)
Net loss for the period	(7,844)	(7,794)	(15,776)	(17,114)
<b>Discontinued operations</b>				
Net loss from discontinued operations, net of tax	(620)	-	(620)	-
Total comprehensive loss for the year	(8,464)	(7,794)	(16,396)	(17,114)
Loss/Total comprehensive loss for the year attributable to:-				
Non-controlling interest	(4)	(5)	(4)	(5)
Total comprehensive loss for the year attributable to owners of the parent	(8,460)	(7,789)	(16,392)	(17,109)
	(8,464)	(7,794)	(16,396)	(17,114)
Basic loss per share attributable to owners of the parent (sen)				
- From continuing operations	(1.77)	(1.89)	(3.75)	(4.15)
- From discontinued operations	(0.14)	-	(0.15)	-
Diluted loss per share				
- From continuing operations	(1.32)	(1.89)	(2.76)	(4.15)
- From discontinued operations	(0.10)	-	(0.11)	-

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 FINANCIAL PERIOD ENDED 31 DECEMBER 2019**  
(The figures have not been audited)

	-----Attributable to owners of the parent-----			Non-	Total Equity RM'000
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000	controlling Interests RM'000	
Financial Period Ended <u>31.12.19</u>					
Balance at 1.1.2019	68,750	(18,101)	50,649	39	50,688
Adjustment on initial application of MFRS 16	-	(3)	(3)	-	(3)
Balance at end, restated	68,750	(18,104)	50,646	39	50,685
Transactions with owners:					
Issue of new shares	5,553	-	5,553	-	5,553
Acquisition of equity interest from non - controlling interests	-	-	-	*	*
Change in ownership interest in a subsidiary	-	*	*	*	*
Total comprehensive loss for the period	-	(16,392)	(16,392)	(4)	(16,396)
Balance at 31.12.2019	<u>74,303</u>	<u>(34,496)</u>	<u>39,807</u>	<u>35</u>	<u>39,842</u>
Financial Period Ended <u>31.12.18</u>					
Balance at 1.1.2018	68,750	(910)	67,840	(1)	67,839
Adjustment on initial application MFRS 9	-	(82)	(82)	-	(82)
Balance at end, restated	68,750	(992)	67,758	(1)	67,757
Transaction with owners:					
Acquisition of equity interest	-	-	-	45	45
Total comprehensive loss for the period	-	(17,109)	(17,109)	(5)	(17,114)
Balance at 31.12.2018	<u>68,750</u>	<u>(18,101)</u>	<u>50,649</u>	<u>39</u>	<u>50,688</u>

\* amount below RM1,000

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 FINANCIAL PERIOD ENDED 31 DECEMBER 2019  
(The figures have not been audited)**

	Cumulative Current Year Period 31.12.19 RM'000	Cumulative Preceding Year Period 31.12.18 RM'000
<b>Cash flows from operating activities</b>		
Loss before taxation		
- Continuing operations	(15,776)	(17,091)
- Discontinued operations	(620)	-
Adjustments for:		
- Non-cash items	2,430	3,124
- Non-operating items	3,737	2,380
Operating loss before working capital changes	(10,229)	(11,587)
Inventories	149	927
Receivables	(26,853)	(3,446)
Payables	25,109	(2,314)
Cash used in operations	(11,824)	(16,420)
Interest paid	-	(14)
Net cash used in operating activities	(11,824)	(16,434)
<b>Cash flows from investing activities</b>		
Interest received	711	560
Proceeds from disposal of property, plant and equipment	(378)	68
Proceeds from disposal of subsidiaries	(13,668)	12,986
Purchase of intangible assets	(704)	(2,989)
Purchase of property, plant and equipment	(872)	(663)
Net cash (used in) / from investing activities	(14,911)	9,962
<b>Cash flows from financing activities</b>		
Acquisition from non-controlling interests	-	(1)
Repayment of bankers acceptance	-	(2,032)
Advances from directors	348	-
Proceeds from issuance of shares to non-controlling interests of a subsidiary	5,553	45
Interest paid	(12)	-
Repayment of finance lease liabilities	(203)	(52)
Net cash from / (used in) financing activities	5,686	(2,040)
Net changes in cash and cash equivalents	(21,049)	(8,512)
Effects of changes in exchange rate on cash and cash equivalents	41	(1)
Cash and cash equivalents at beginning	31,361	39,874
Cash and cash equivalents at end	10,353	31,361
<b>Represented by:</b>		
Cash and bank balances	10,353	31,361

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.

**A Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting 31 DECEMBER 2019**

**A1 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 subsidiaries (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.

**A2 Audit Report**

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

**A3 Seasonality or Cyclicity**

The ICT Division is not subject to seasonal factors.

**A4 Exceptional items**

There were no exceptional items for the period under review.

**A5 Estimates**

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

**A6 Changes in debt or equity securities**

For the current quarter ended 31 December 2019, Warrants were exercised to 52,975,937 new ordinary shares at the issue price of RM0.10 each being issue. As at 31 December 2019, the total number of Warrants which remained unexercised were 150,724,216.

Other than above, no issuance or repayment of debt or equity securities for the current financial year to date.

**A7 Dividends**

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

**A8 Segmental Reporting**

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

	Total Continuing Operations	Discontinued Operations	Total
<u>Period ended 31 Dec</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>2019</u>			
Revenue	14,214	15,956	30,170
Loss before tax	(15,776)	(620)	(16,396)
<u>As at 31 Dec 2019</u>			
Assets Employed	46,208	-	46,208

**A Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting  
31 DECEMBER 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.

**A9 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.

**A10 Subsequent Events**

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

**A11 Changes In The Composition of The Group**

On 27 May 2019, the Company announced a proposal to dispose off the entire equity interests in 3 wholly owned subsidiaries, ie. Edwin Jeans (M) Sdn Bhd, GA Blue Corporation Sdn Bhd and Yen Retailing (M) Sdn Bhd to Triple Treasure Sdn Bhd for a total consideration of RM4,384,000. Disposal has been completed on 13 December 2019 in accordance with the terms and conditions of the Share Sale Agreement.

**A12 Contingent Liabilities and Contingent Assets**

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

**A13 Capital Commitments**

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

**A14 Group Borrowings and Debt Securities**

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

**A15 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.

**A16 Material Litigation**

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

**A Explanatory Notes Pursuant to Malaysian Financial Reporting Standard ("MFRS") 134 Interim Financial Reporting  
31 DECEMBER 2019**

**A17 Discontinued Operations**

On 27 May 2019, the Company announced a proposal to dispose off the entire equity interests in 3 wholly owned subsidiaries, ie. Edwin Jeans (M) Sdn Bhd, GA Blue Corporation Sdn Bhd and Yen Retailing (M) Sdn Bhd to Triple Treasure Sdn Bhd for a total consideration of RM4,384,000. Disposal has been completed on 13 December 2019 in accordance with the terms and conditions of the Share Sale Agreement.

The Group therefore presents and disclose in its financial statements, the financial effects of discontinued operations in accordance to MFRS 5 (Non-Current Assets Held For Sale and Discontinued Operations).

The results of the discontinued operation is as follows:

	<b>31 December 2019</b>
	RM'000
Revenue	15,956
Operating expenses	(19,832)
Other operating income	3,256
Loss from operations	<u>(620)</u>
Finance cost	-
Loss before tax	(620)
Taxation	-
<b>Loss from discontinued operation</b>	<b><u>(620)</u></b>

The cash flow attributable to the discontinued operations is as follows:

	<b>31 December 2019</b>
	RM'000
Net cash inflow from operating activities	3,441
Net cash inflow from financing activities	488
Net cash outflow from investing activities	(1,247)
<b>Net increase in cash generated by the subsidiaries</b>	<b>2,682</b>

Details of the disposal of the subsidiaries:

Cash consideration received	4,384
Carrying amount of net assets sold	7,455
Loss on disposal	<b>(3,071)</b>

The carrying amounts of assets and liabilities as at date of disposal (31 December 2019) were:

	<b>31 December 2019</b>
	RM'000
Property, plant and equipment	1,697
Inventories	5,823
Trade receivables	3,306
Other receivables and deposits	775
Cash and bank balances	4,368
<b>Total Assets</b>	<b>15,969</b>
Trade payables	938
Amount due to holding company	3,851
Other payables and accruals	3,241
Borrowings	484
<b>Total Liabilities</b>	<b>8,514</b>
<b>Net Assets</b>	<b>7,455</b>

**B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities****B1 Review of the performance of the Group**

Financial review for current quarter and financial period to date:-

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding Year	% Change	Current Year	Preceding Year	% Change
	Quarter	Corresponding Quarter		To Date	Corresponding Quarter	
	31.12.19	31.12.18		31.12.19	31.12.18	
	RM'000	RM'000		RM'000	RM'000	
Revenue	4,852	7,919	-39%	14,214	29,837	-52%
Operating Loss	(7,832)	(7,821)	0%	(15,764)	(17,077)	8%
Loss Before Tax	(7,844)	(7,794)	-1%	(15,776)	(17,091)	8%
Loss After Tax	(7,844)	(7,794)	-1%	(15,776)	(17,114)	8%
Loss Attributable to Ordinary Equity Holders of the Parent	(8,460)	(7,789)	-9%	(16,392)	(17,109)	4%

The decrease in revenue compared to 2018 is attributable to the disposal of apparel business. The operating losses is attributable to loss from disposal of apparel business amounting to RM3.1million, expensed of RM1.5million on research and development cost and increased staff cost & business development cost to grow the IOT and Artificial Intelligence Solution

**Group's Segmental Analysis:-**

Revenue contribution comprises the following:-

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding Year	% Change	Current Year	Preceding Year	% Change
	Quarter	Corresponding Quarter		To Date	Corresponding Quarter	
	31.12.19	31.12.18		31.12.19	31.12.18	
	RM'000	RM'000		RM'000	RM'000	
Apparel	-	1,694	-100%	-	17,386	-100%
ICT	4,852	6,225	-22%	14,214	12,451	14%
	<u>4,852</u>	<u>7,919</u>		<u>14,214</u>	<u>29,837</u>	

Disposal of apparel business resulted to drop of revenue in current quarter 31 December 2019. Overall revenue from ICT business increased from RM12.4million in 2018 to RM14.2million in 2019.

Loss from operations contribution comprises the following:-

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding Year	% Change	Current Year	Preceding Year	% Change
	Quarter	Corresponding Quarter		To Date	Corresponding Quarter	
	31.12.19	31.12.18		31.12.19	31.12.18	
	RM'000	RM'000		RM'000	RM'000	
Apparel	-	(6,344)	100%	-	(9,860)	100%
ICT	(7,832)	(1,476)	-431%	(15,764)	(5,576)	-183%
	<u>(7,832)</u>	<u>(7,820)</u>		<u>(15,764)</u>	<u>(15,436)</u>	



**B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities**

Loss after tax comprises the following:-

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31.12.19 RM'000	Preceding Year Corresponding Quarter 31.12.18 RM'000	% Change	Current Year To Date 31.12.19 RM'000	Preceding Year Corresponding Quarter 31.12.18 RM'000	% Change
Apparel	-	(6,317)	100%	-	(10,289)	100%
ICT	(7,844)	(1,476)	-431%	(15,776)	(6,825)	-131%
	<u>(7,844)</u>	<u>(7,793)</u>		<u>(15,776)</u>	<u>(17,114)</u>	

The operating losses is attributable to loss from disposal of apparel business amounting to RM3.1million, expensed of RM1.5million on research and development cost and increased staff cost & business development cost to grow the IOT and Artificial Intelligence Solution.

**B2 Material changes in the quarterly results compared to the results of the preceding quarter**

Financial review for current quarter compared with immediate preceding quarter:-

	Individual Quarter		% Change
	Current Year Quarter 31.12.19 RM'000	Immediate Preceding Quarter 30.9.19 RM'000	
Revenue	4,852	7,105	-32%
Operating Loss	(7,832)	(4,490)	74%
Loss Before Tax	(7,844)	(4,500)	74%
Loss After Tax	(7,844)	(4,500)	74%
Loss Attributable to Ordinary Equity Holders of the Parent	(8,460)	(4,500)	88%

The revenue dropped in view of disposal of apparel business in 2019 and operating losses is attributable to loss from disposal of apparel business amounting to RM3.1million, expensed of RM1.5million on research and development cost and increased staff cost & business development cost to grow the IOT and Artificial Intelligence Solution

**Group's Segmental Analysis:-**

Revenue contribution comprises the following:-

	Individual Quarter		% Change
	Current Year Quarter 31.12.19 RM'000	Immediate Preceding Quarter 30.9.19 RM'000	
Apparel	-	2,458	-100%
ICT	4,852	4,647	4%
	<u>4,852</u>	<u>7,105</u>	

Overall revenue decreased due to disposal of Apparel business but ICT business revenue improved by 4% compared to Q3, 2019.

**B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities**

Loss from operations contribution comprises the following:-

	Individual Quarter		% Change
	Current	Immediate	
	Year	Preceding	
	Quarter	Quarter	
	31.12.19	30.9.19	
	RM'000	RM'000	
Apparel	-	(1,055)	100%
ICT	(7,832)	(3,435)	-128%
	<u>(7,832)</u>	<u>(4,490)</u>	

Loss after tax contribution comprises the following:-

	Individual Quarter		% Change
	Current	Immediate	
	Year	Preceding	
	Quarter	Quarter	
	31.12.19	30.9.19	
	RM'000	RM'000	
Apparel	-	(1,065)	100%
ICT	(7,844)	(3,435)	-128%
	<u>(7,844)</u>	<u>(4,500)</u>	

The overall losses in Q4 is attributable to loss from disposal of apparel business amounting to RM3.1million and expensed of RM1.5million on research and development cost.

**B3 Current prospects and progress on previously announced financial estimates**

a) With the disposal of Apparel business, the Group will focus to grow its ICT business especially promoting the adoption of Artificial Intelligence Solutions and IOT (Internet of Things) in Malaysia. The Board remain positive towards the ICT business and expect to see further growth in year 2020 moving forward.

b) On 26 April 2019, the Company announced the signing of a Memorandum of Understanding with SenseTime Group Ltd of Hong Kong and China Harbour Engineering Co. Ltd of China for a proposed joint venture to set up an AI Park in Malaysia for the development of AI solutions and other related technology, facilities and infrastructure. The project is still pending signing of any agreement.

**c) Progress and steps to achieve financial estimate, forecast, projection and internal targets previously announced**

The was no financial forecast previously announced by the Group.

**B4 Statement of the Board of Directors' opinion on achievability of financial estimate, forecast, projection and internal targets previously announced**

Not applicable.

**B5 Financial estimate, forecast or porjection / profit guarantee**

There was no financial estimate, forecast or projection and profit guarantee issued by the Group.

**B6 Income tax expense**

	Financial year ended
	31.12.2019
	RM'000
Current period tax expense	-

**B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities****B7 Corporate Proposals**

The status of corporate proposals announced but not completed for the current financial period under review are as follow:

- a) 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. The Proposal has been approved by shareholders at an EGM on 22 August 2019.

**B8 Dividends**

No dividend has been declared or recommended in respect of the current financial period under review.

**B9 Earnings per share****Basic loss per share**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.19	Preceding Year Corresponding Quarter 31.12.18	Current Year To Date 31.12.19	Preceding Year Corresponding Quarter 31.12.18
Loss attributable to ordinary equity holders of the Company (RM'000)				
- From continuing operations	(7,848)	(7,799)	(15,772)	(17,119)
- From discontinued operations	(620)	-	(620)	-
	<b>(8,468)</b>	<b>(7,799)</b>	<b>(16,392)</b>	<b>(17,119)</b>
Weighted average numbers of ordinary shares in issue ('000)	443,839	412,500	420,742	412,500
Basic earning per share (sen)				
- From continuing operations	(1.77)	(1.89)	(3.75)	(4.15)
- From discontinued operations	(0.14)	-	(0.15)	-

**Diluted earnings per share**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.19	Preceding Year Corresponding Quarter 31.12.18	Current Year To Date 31.12.19	Preceding Year Corresponding Quarter 31.12.18
Loss attributable to ordinary equity holders of the Company (RM'000)				
- From continuing operations	(7,848)	(7,799)	(15,772)	(17,119)
- From discontinued operations	(620)	-	(620)	-
	<b>(8,468)</b>	<b>(7,799)</b>	<b>(16,392)</b>	<b>(17,119)</b>
Weighted average numbers of ordinary shares in issue ('000)	443,839	412,500	420,742	412,500
Adjustment for dilutive effect of warrants	150,724	-	150,724	-
	<b>594,563</b>	<b>412,500</b>	<b>571,466</b>	<b>412,500</b>
Diluted earning per share (sen)				
- From continuing operations	(1.32)	(1.89)	(2.76)	(4.15)
- From discontinued operations	(0.10)	-	(0.11)	-

**B Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities**

**B10 Profit/(Loss) Before Taxation**

This is arrived at:

	Current Year Quarter 31.12.19 RM'000	Current Year To Date 31.12.19 RM'000
After charging :		
Depreciation and amortization	236	692
Interest expense	12	12
And crediting :		
Interest Income	<u>392</u>	<u>711</u>

**B11 Authorisation for issue**

The interim financials statements were authorised for release by the Board of Directors on 26 February 2020.