

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

For the Second (2nd) Quarter Ended 30 September 2017

(The figures have not been audited)

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|--|--|
| | Current Quarter Ended 30.09.2017 RM'000 | Preceding Quarter Ended 30.09.2016 RM'000 | Current Year-to-date Ended 30.09.2017 RM'000 | Preceding Year-to-date Ended 30.09.2016 RM'000 |
| Revenue | 5,903 | 27,874 | 20,778 | 56,522 |
| Cost of sales | (5,289) | (28,004) | (19,862) | (55,882) |
| Gross profit | 614 | (130) | 916 | 640 |
| Other income | 253 | 307 | 411 | 1,381 |
| Distribution costs | (34) | (22) | (63) | (43) |
| Administrative and other expenses | (4,291) | (3,856) | (6,576) | (8,352) |
| Loss from operations | (3,458) | (3,701) | (5,312) | (6,374) |
| Finance costs | (16) | (107) | (34) | (210) |
| Loss before taxation | (3,474) | (3,808) | (5,346) | (6,584) |
| Taxation | - | (225) | - | (225) |
| Loss for the period | (3,474) | (4,033) | (5,346) | (6,809) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | (3,474) | (4,033) | (5,346) | (6,809) |
| Loss attributable to: | | | | |
| Owners of the Parent | (3,474) | (4,033) | (5,346) | (6,809) |
| Non-controlling interests | - | - | - | - |
| | (3,474) | (4,033) | (5,346) | (6,809) |
| Total comprehensive income attributable to: | | | | |
| Owners of the Parent | (3,474) | (4,033) | (5,346) | (6,809) |
| Non-controlling interests | - | - | - | - |
| | (3,474) | (4,033) | (5,346) | (6,809) |
| Loss per share attributable to the owners of the Company (sen):- | | | | |
| Basic loss per share (sen) | (0.01) | (0.01) | (0.01) | (0.01) |
| Diluted loss per share (sen) | N/A | N/A | N/A | N/A |

The condensed consolidated Statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

STERLING PROGRESS BERHAD

(Company No. 679361-D)

Tel No: 04-5082000 Fax No: 04-5082002 Email: sales@tejari.com.my**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****As at 30 September 2017**

| | (Unaudited) As at 30.09.2017 RM'000 | (Audited) As at 31.03.2017 RM'000 |
|--|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 7,226 | 8,450 |
| Intangible assets | 3,742 | 664 |
| Investment properties | 2,552 | 2,584 |
| Goodwill arising from consolidation | 1,037 | 1,037 |
| Deferred tax assets | 711 | 711 |
| | 15,268 | 13,446 |
| Current assets | | |
| Inventories | 1,050 | 1,148 |
| Receivables, deposits and prepayments | 31,101 | 33,637 |
| Tax recoverable | 442 | 797 |
| Cash and cash equivalents | 5,440 | 8,512 |
| | 38,033 | 44,094 |
| Assets held for sale | 1,470 | 1,470 |
| TOTAL ASSETS | 39,503 | 45,564 |
| | 54,771 | 59,010 |
| EQUITY AND LIABILITIES | | |
| Share capital | 38,531 | 38,531 |
| Esos reserve | 2,100 | - |
| Warrant reserve | 8,401 | 8,401 |
| Other reserves | 1,460 | 1,460 |
| Accumulated losses | (5,038) | 308 |
| Equity attributable to owners of the Parent | 45,454 | 48,700 |
| Non-controlling interests | (8) | (8) |
| TOTAL EQUITY | 45,446 | 48,692 |
| Non-current liabilities | | |
| Borrowings | 268 | 465 |
| Deferred tax liabilities | 711 | 711 |
| | 979 | 1,176 |
| Current liabilities | | |
| Trade and other payables | 7,539 | 8,308 |
| Borrowings | 803 | 830 |
| Provision for taxation | 4 | 4 |
| | 8,346 | 9,142 |
| TOTAL LIABILITIES | 9,325 | 10,318 |
| TOTAL EQUITY AND LIABILITIES | 54,771 | 59,010 |
| Net assets per share attributable to the owners of the parent(RM) | 0.08 | 0.16 |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

STERLING PROGRESS BERHAD

(Company No. 679361-D)

Tel No: 04-5082000 Fax No: 04-5082002 Email: sales@tejari.com.my**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY****For the Second (2nd) Quarter Ended 30 September 2017****(The figures have not been audited)**

| | Attributable to owners of the Parent | | | | | Non-controlling interests | Total Equity |
|---|--------------------------------------|--------------|-----------------|---------------|-------------------|---------------------------|--------------|
| | Share Capital | ESOS Reserve | Warrant Reserve | Other Reserve | Retained Earnings | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 31 March 2017 | 38,531 | - | 8,401 | 1,460 | 308 | (8) | 48,692 |
| Shares options granted Under ESOS | | 2,100 | | | | | 2,100 |
| Total comprehensive income for the financial year | - | | - | - | (5,346) | - | (5,346) |
| At 30 September 2017 | 38,531 | 2,100 | 8,401 | 1,460 | (5,038) | (8) | 45,446 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Second (2nd) Quarter Ended 30 September 2017

(The figures have not been audited)

| | Attributable to owners of the Parent | | | | | | | Total Equity |
|---|--------------------------------------|---------------|--------------|-----------------|---------------|--------------------------------|---------------------------|--------------|
| | Share Capital | Share Premium | ESOS Reserve | Warrant Reserve | Other Reserve | Retained Earnings | Non-controlling interests | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 April 2016 | 98,918 | 4,842 | 1,240 | 8,401 | 305 | Earnings RM'000 (41,207) | (6) | 72,493 |
| Adjustments for Effect of Companies Act 2016 | 4,842 | (4,842) | - | - | - | - | - | - |
| Total comprehensive income for the financial year | - | - | - | - | - | (33,914) | (2) | (33,916) |
| Transaction with Owner | | | | | | | | |
| Shares par value Reduction | (74,189) | - | - | - | - | 74,189 | - | - |
| Disposal of subsidiary Companies | - | - | - | - | 1,155 | - | - | 1,155 |
| Shares options granted Under ESOS | - | - | 3,840 | - | - | - | - | 3,840 |
| Cancellation of ESOS | - | - | (1,240) | - | - | 1,240 | - | - |
| Realisation of ESOS Reserve | 3,840 | - | (3,840) | - | - | - | - | - |
| Exercise ESOS | 5,120 | - | - | - | - | - | - | 5,120 |
| At 31 March 2017 | 38,531 | - | - | 8,401 | 1,460 | 308 | (8) | 48,692 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

STERLING PROGRESS BERHAD

(Company No. 679361-D)

Tel No: 04-5082000 Fax No: 04-5082002 Email: sales@tejari.com.my**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the Second (2nd) Quarter Ended 30 September 2017****(The figures have not been audited)**

| | Cumulative quarter | |
|---|--|--|
| | Current Year-to-date RM'000 | (Audited) As at 31.03.2017 RM'000 |
| Cash flow from operating activities | | |
| Loss before taxation | (5,346) | (33,815) |
| Adjustments for:- | | |
| Amortisation of intangible assets | 422 | 1,048 |
| Bad debts written off | - | 437 |
| Depreciation of property, plant and equipment | 1,251 | 5,589 |
| Depreciation of investment properties | 32 | 68 |
| Deposits written off | - | 124 |
| Gain on disposal of property, plant and equipment | - | (2,009) |
| Gain on disposal of investment properties | - | (114) |
| Impairment loss on goodwill | - | 1,571 |
| Intangible assets written off | - | 1,210 |
| Finance costs | 34 | 348 |
| Interest income | (26) | (91) |
| Inventories written off | - | 1,243 |
| Loss on disposal of subsidiary companies | - | 4,267 |
| Property, plant and equipment written off | - | 13,151 |
| Share options granted under ESOS | 2,100 | 3,840 |
| Unrealized gain on foreign exchange | - | - |
| Operating loss before working capital changes | (1,533) | (3,133) |
| Changes in working capital: | | |
| Inventories | 98 | 300 |
| Receivables, deposits and prepayments | 2,536 | (2,689) |
| Payables and accruals | (769) | (1,793) |
| | 1,865 | (4,182) |
| Cash generated from / (used in) operations | 332 | (7,315) |
| Interest paid | (34) | (348) |
| Tax paid | 387 | (158) |
| Tax refund | (32) | 109 |
| | 321 | (397) |
| Net cash from / (used in) operating activities | 653 | (7,712) |
| Cash flows from investing activities | | |
| Interest received | 26 | 91 |
| Purchase of property, plant and equipment (Note a) | (27) | (829) |
| Purchase of intangible asset | (3,500) | - |
| Purchase of investment properties | - | (1,873) |
| Proceeds from disposal of property, plant and equipment | - | 8,343 |
| Proceed from disposal of investment properties | - | 2,253 |
| Net cash inflow from disposal of subsidiary companies | - | 1,176 |
| Net cash (used in) / from investing activities | (3,501) | 9,161 |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

STERLING PROGRESS BERHAD

(Company No. 679361-D)

Tel No: 04-5082000 Fax No: 04-5082002 Email: sales@tejari.com.my**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****For the Second (2nd) Quarter Ended 30 September 2017****(The figures have not been audited)**

| | Cumulative quarter | |
|---|---------------------------|-------------------------|
| | Current | (Audited) |
| | Year-to-date | As at 31.03.2017 |
| | RM'000 | RM'000 |
| Cash flows from financing activities | | |
| Issuance of share capital | - | 5,120 |
| (Decreased) / increased of fixed deposits pledged | (1,705) | 87 |
| Repayment of finance lease payables | (121) | (249) |
| Net repayment of bankers acceptance | - | (5,360) |
| Net repayment of term loans | - | (818) |
| Net cash flows used in financing activities | <u>(1,826)</u> | <u>(1,220)</u> |
| Net (decrease) / increase in cash and cash equivalents | (4,674) | 229 |
| Cash and cash equivalents at the beginning of the financial year | 7,601 | 7,372 |
| Effect of foreign exchange rate changes | - | - |
| Cash and cash equivalents at the end of the financial year (Note b) | <u>2,927</u> | <u>7,601</u> |
| (a) Purchase of property, plant and equipment: | | |
| - financed by hire purchase arrangements | - | - |
| - financed by cash | - | 2,702 |
| | <u>-</u> | <u>2,702</u> |
| (b) Analysis of cash and cash equivalents: | | |
| Cash and bank balances | 2,212 | 7,009 |
| Fixed deposits with licensed banks | 1,199 | 1,179 |
| Short-term funds | 2,029 | 324 |
| | <u>5,440</u> | <u>8,512</u> |
| Less: Bank overdrafts | (484) | (587) |
| | <u>4,956</u> | <u>7,925</u> |
| Less: Fixed deposit pledged to a licensed bank | (2,029) | (324) |
| | <u>2,927</u> | <u>7,601</u> |

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial period ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial statements.

**Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS)
134- Interim Financial Reporting**

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements of Sterling Progress Berhad (“Sterling Group” or “Company”) on a consolidated basis with its subsidiaries (“Sterling Group” or “Group”) for the financial year ended 31 March 2017 and the explanatory notes attached to the interim financial statements, which provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 March 2017.

2. Changes In Accounting Policies

The accounting policies and methods of computation used in the preparation of the quarterly financial statements are consistent with those applied in the latest audited annual financial statements for the financial year ended 31 March 2017.

The significant accounting policies adopted are consistent with those of the audited financial statements financial year ended 31 March 2017.

3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements of the Group for the financial year ended 31 March 2017 was not subject to any qualification.

4. Seasonal or Cyclical Factors

The Group is subjected to the cyclical effects of the global and Malaysian technology industry.

5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter.

6. Material Changes in Estimates

There were no changes in estimates of amounts which have a material effect for the current quarter results under review.

7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and other repayments of debt and equity securities during the current quarter except that on 25 July 2017, the Board had announced the offered options amounting to 42,000,000 ESOS to eligible employees under the Company.

**Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS)
134- Interim Financial Reporting (Continued)**

8. Dividends Paid

No dividend has been paid during the current quarter.

9. Segmental Information

Sales revenue by division to external parties for the quarter ended 30 September 2017 are as follows:-

| | <u>Hydraulic</u> | <u>ICT</u> | <u>Other Operating</u> <u>Segment</u> | <u>Consolidated</u> |
|----------------------|------------------|------------|--|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| External Sales | 994 | 4,520 | 389 | 5,903 |
| Gross Profit /(Loss) | 504 | (75) | 185 | 614 |
| Loss before taxation | (198) | (2,783) | (493) | (3,474) |

Sales revenue by division to external parties for the quarter ended 30 September 2016 are as follows:-

| | <u>Hydraulic</u> | <u>ICT</u> | <u>Other Operating</u> <u>Segment</u> | <u>Consolidated</u> |
|----------------------|------------------|------------|--|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | |
| External Sales | 1,306 | 25,968 | 600 | 27,874 |
| Gross Profit /(Loss) | 776 | (1,208) | 302 | (130) |
| Loss before taxation | 143 | (2,243) | (1,708) | (3,808) |

10. Changes of Composition of the Group

There were no changes to the composition of the Group as at and for the quarter ended 30 September 2017.

11. Valuation of Property, Plant and Equipment

The Group did not revalue any of its assets from the previous audited financial statements for the financial year ended 31 March 2017.

**Part A – Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (MFRS)
134- Interim Financial Reporting (Continued)**

12. Contingent Assets or Liabilities

Details of contingent liabilities as at 23 November 2017 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report) are as follows:

| | As at 30.09.2017 RM'000 | As at 31.03.2017 RM'000 |
|---|--|--|
| Corporate guarantees extended to financial institutions for banking facilities granted to subsidiary companies and suppliers | <u>10,000</u> | <u>10,000</u> |

There are no contingent assets since the last annual balance sheet as at 31 March 2017.

13. Capital Commitments

There were no capital commitments for the current quarter under review.

14. Material Events Subsequent to the End of the Interim Reporting Period

There were no material events subsequent to the end of the current quarter under review up to 23 November 2017, being the latest practicable date not earlier than seven (7) days from the date of issue of this quarterly report.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)

1. Review of Performance

Current Year Quarter versus Preceding Period Corresponding Quarter

| | Individual Period (1 st Quarter) | | Change | | Cumulative Period | | Change | |
|---|--|--|------------|-----------|--|---|------------|-----------|
| | Current Year Quarter 30/9/2017 RM'000 | Preceding Year corresponding Quarter 30/9/2016 RM'000 | Percentage | % | Current Year Quarter 30/9/2017 RM'000 | Preceding Year corresponding Quarter 30/9/2016 RM'000 | Percentage | % |
| Revenue | 5,903 | 27,874 | (21,971) | (78.82%) | 20,778 | 56,522 | (35,744) | (63.24%) |
| Operating Loss | (2,458) | (3,701) | (6,159) | (166.41%) | (5,312) | (6,374) | (11,686) | (183.34%) |
| Loss before interest and tax | (2,458) | (3,701) | (6,159) | (166.41%) | (5,312) | (6,374) | (11,686) | (183.34%) |
| Loss before tax | (3,474) | (3,808) | (7,282) | (191.23%) | (5,346) | (6,584) | (11,930) | (181.20%) |
| Loss after tax | (3,474) | (4,033) | (7,507) | (186.14%) | (5,346) | (6,809) | (12,155) | (178.51%) |
| Loss Attributable to Ordinary Equity Holders of the Parent | (3,474) | (4,033) | (7,507) | (186.14%) | (5,346) | (6,809) | (12,155) | (178.51%) |

For the current quarter ended 30 September 2017 (“Q2 2017”), the Group recorded revenue of RM5.9 million as compared to the revenue for the preceding year's corresponding quarter 30 September 2016 (“Q2 2016”) of RM27.8 million. The decrease was mainly due to lower revenue recorded for the sales of notebooks and smartphones.

The Group recorded a lower pre tax loss of RM3.5 million for Q2 2017 as compared to RM4 million in the preceding year. The decrease was mainly from in the previous year, the Group has ceased business on those non performing outlets.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)**2. Variation of Results against Preceding Quarter**

| | Current Quarter | Immediate Preceding Quarter | Change | |
|--|-----------------|-----------------------------|---------|-----------|
| | 30/9/2017 | 30/6/2017 | | |
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 5,903 | 14,875 | (8,972) | (60.32%) |
| Operating Loss | (2,458) | (1,854) | (4,312) | (232.58%) |
| Loss before interest and tax | (2,458) | (1,854) | (4,312) | (232.58%) |
| Loss before tax | (3,474) | (1,872) | (5,346) | (285.58%) |
| Loss after tax | (3,474) | (1,872) | (5,346) | (285.58%) |
| Loss Attributable to Ordinary Equity Holders of the Parent | (3,474) | (1,872) | (5,346) | (285.58%) |

The decrease in revenue was mainly due to lower revenue recorded for the sales of notebooks and smartphones. The higher LBT is due to ESOS expenses for ESOS granted during the quarter.

3. Commentary on Prospects

The Group believes that the Malaysian retail sector will face a challenging year ahead in 2017 in view of the anticipated reduction in consumer spending. In light of this, the Group had on 17 February 2017, announced that Tejari Hoseal Solutions Sdn Bhd (“THSSB” or “Purchaser”), a wholly-owned subsidiary of SPB had entered into a Business Rights Agreement (“Business Rights Agreement”) with Tandop Hotel Sdn Bhd (hereinafter collectively defined as “Vendor”) for the acquisition of business rights under the brand of T+ Hotel and Time Capsule Hotel for a total cash consideration of RM3,500,000.00 (“Proposed Acquisition”). Please refer to paragraph 8 (Part B) for further details of this acquisition.

4. Actual Profit against Profit Forecast

There was no profit forecast or guarantee made public for the financial period under review.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)

5. Income Tax Expense

| | Current Quarter Ended | | Cumulative Quarter Ended | |
|--------------|------------------------------|-------------------|---------------------------------|-------------------|
| | 30.09.2017 | 30.09.2016 | 30.09.2017 | 30.09.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax | - | 225 | - | 225 |
| Deferred tax | - | - | - | - |
| Tax expense | - | 225 | - | 225 |

The effective tax rate of the Group for the current quarter under review is higher than the statutory tax rate of 24% mainly due to Real Property Gain Tax incurred for disposal of a property for one of its subsidiary.

6. Sales of Unquoted Investments and Properties

There were no disposals of unquoted investment and properties during the current quarter under review.

7. Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter under review. The Group did not hold any investments in quoted securities as at 31 March 2017.

8. Status of Corporate Exercises

There are no pending corporate exercises.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)

8. Borrowings and Debt Securities

The Group's borrowings as at 30 September 2017 are as follows:-

| | Payable within 12 months RM'000 | Payable after 12 months RM'000 | Total Outstanding RM'000 |
|----------------|---------------------------------------|--------------------------------------|--------------------------------|
| <u>Secured</u> | | | |
| Bank overdraft | 484 | - | 484 |
| Finance lease | 319 | 268 | 587 |
| Total | <u>803</u> | <u>268</u> | <u>1,071</u> |

The banker's acceptance are secured by fixed deposits of a subsidiary company and jointly and severally guaranteed by all the directors of the subsidiary company.

The finance lease are secured by the assets of the Group under finance lease arrangements.

The term loan are secured and covered by the fixed deposit with licensed bank.

The Group's borrowings and other facilities are denoted in local currency. The Group does not have any foreign borrowings and debt securities as at 30 September 2017.

9. Derivative Financial Instruments

There were no derivative financial instruments as at 23 November 2017 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report).

10. Changes in Material Litigation

Since the last annual balance sheet date, there was no pending material litigation at 23 November 2017 (the latest practicable date which is not earlier than 7 days from the issue of this quarterly report).

11. Dividend

No dividend has been proposed for the financial year under review.

12. Basic earnings per Share

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Part B – Explanatory Notes Pursuant to Appendix 9B of the Listing Requirement of Bursa Malaysia Securities Berhad (Continued)**14. Basic earnings per Share (continued)**

| | Current Quarter Ended | | Cumulative Quarter Ended | |
|---|-----------------------|------------|--------------------------|------------|
| | 30.09.2017 | 30.09.2016 | 30.09.2017 | 30.09.2016 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loss for the quarter | (3,474) | (4,033) | (5,346) | (6,809) |
| Weighted average number of ordinary shares of RM0.10 in issue | 385,318 | 989,180 | 385,318 | 989,180 |
| Basic earnings per share (sen) | (0.01) | (0.01) | (0.01) | (0.01) |

The fully diluted earnings per share is not disclosed as the effects on the assumed exercise of the share options under Warrants is anti-dilutive.

15. Disclosure of Realised and Unrealised Profits or Accumulated losses

On 25 March 2010, Bursa Securities issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of the Bursa Securities Ace Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Malaysian Institute of Accountants further issued guidance on the disclosure and the format required.

The breakdown of the (accumulated losses)/retained profits of the Group as at 30 June 2017, into realised and unrealised (accumulated losses)/profits, pursuant to the directive, is as follows:

| | As at 30.09.2017 RM'000 | As at 31.03.2017 RM'000 |
|---|-------------------------------|-------------------------------|
| Total (accumulated losses) retained profits of the Group: | | |
| - Realised | (5,038) | 308 |
| - Unrealised | - | - |
| | <u>(5,038)</u> | <u>308</u> |

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

16. Authorisation for Issue

These unaudited interim financial statements were authorised for release by the Company in accordance with a resolution of the Directors dated 27 November 2017.