

**M3 TECHNOLOGIES (ASIA) BERHAD (482772-D)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the Three (3) months ended 30 September 2017**

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30-Sep-17 Unaudited RM'000	30-Sep-16 Unaudited RM'000	30-Sep-17 Unaudited RM'000	30-Sep-16 Unaudited RM'000
<b>Revenue</b>	8,285	7,888	8,285	7,888
Operating Expenses	(8,928)	(7,780)	(8,928)	(7,780)
<b>Profit/(Loss) from Operations</b>	<u>(643)</u>	<u>108</u>	<u>(643)</u>	<u>108</u>
Net interest income/(expense)	(10)	5	(10)	5
<b>Profit/(Loss) before taxation</b>	<u>(653)</u>	<u>113</u>	<u>(653)</u>	<u>113</u>
Income tax expense	(458)	(337)	(458)	(337)
<b>Net Profit/(Loss) for the period</b>	<u><u>(1,111)</u></u>	<u><u>(224)</u></u>	<u><u>(1,111)</u></u>	<u><u>(224)</u></u>
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation differences	<u>(367)</u>	<u>575</u>	<u>(367)</u>	<u>575</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(367)</u>	<u>575</u>	<u>(367)</u>	<u>575</u>
<b>Total comprehensive income/(loss) for the period</b>	<u><u>(1,478)</u></u>	<u><u>351</u></u>	<u><u>(1,478)</u></u>	<u><u>351</u></u>
<b>Attributable to:</b>				
Equity holders of the Company	(1,913)	(944)	(1,913)	(944)
Non-controlling interests	<u>802</u>	<u>720</u>	<u>802</u>	<u>720</u>
	<u><u>(1,111)</u></u>	<u><u>(224)</u></u>	<u><u>(1,111)</u></u>	<u><u>(224)</u></u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company	(2,035)	(569)	(2,035)	(569)
Non-controlling interests	<u>557</u>	<u>920</u>	<u>557</u>	<u>920</u>
	<u><u>(1,478)</u></u>	<u><u>351</u></u>	<u><u>(1,478)</u></u>	<u><u>351</u></u>
<b>Earnings/(loss) per share</b>				
Basic / Diluted (sen)	(0.33)	(0.21)	(0.33)	(0.21)

(The Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017 and the accompanying explanatory notes attached to these interim financial statements)

**M3 TECHNOLOGIES (ASIA) BERHAD (482772-D)**  
(Incorporated in Malaysia)

**NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS**  
**For the Three (3) months ended 30 September 2017**

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	30-Sep-17 Unaudited RM'000	30-Sep-16 Unaudited RM'000	30-Sep-17 Unaudited RM'000	30-Sep-16 Unaudited RM'000
Profit before taxation				
Included in the Profit before tax are the following items:				
Allowance for impairment of receivables	(7)	-	(7)	-
Amortisation of product development expenditure	340	241	340	241
Bad debts recovered	-	(1)	-	(1)
Bad debts written off	93	-	93	-
Depreciation of plant and equipment	327	249	327	249
(Gain)/loss on disposal of plant and equipment	(24)	-	(24)	-
<u>(Gain)/loss on foreign exchange translation</u>				
- Realised	28	5	28	5
- Unrealised	299	213	299	213
<u>Interest expense/(income)</u>				
- Interest expense	20	9	20	9
- Interest income	(10)	(14)	(10)	(14)

There is no income/expenses in relation to the below items :

- Allowance for impairment of joint venture
- Exceptional items (Otherwise disclosed)
- Gain/loss on derivatives
- Impairment loss on goodwill
- Impairment loss on investment in an associate
- Inventories written down
- Inventories written off
- Investment income - Profit Guarantee ; and
- Product development expenditure written off

(The Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017 and the accompanying explanatory notes attached to these interim financial statements)

**M3 TECHNOLOGIES (ASIA) BERHAD (482772-D)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**As at 30 September 2017**

	<b>30-Sep-17</b> <b>Unaudited</b> <b>RM'000</b>	<b>30-Jun-17</b> <b>Audited</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	5,204	5,507
Intangible assets	4,235	4,320
Other investment	2,009	2,009
Trade and other receivables	112	149
	<u>11,560</u>	<u>11,985</u>
<b>Current Assets</b>		
Inventories	4,728	4,828
Trade and other receivables	30,202	30,443
Tax refundable	1,090	1,127
Cash and bank balances	27,827	29,044
	<u>63,847</u>	<u>65,442</u>
<b>TOTAL ASSETS</b>	<u>75,407</u>	<u>77,427</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	62,946	62,946
Share premium	-	-
Treasury shares	(566)	(566)
Warrant reserve	9,816	9,816
Accumulated losses	(22,037)	(20,124)
Foreign currency translation reserve	2,292	2,414
	<u>52,451</u>	<u>54,486</u>
<b>Non-controlling interests</b>	<u>10,930</u>	<u>10,373</u>
<b>Total equity</b>	<u>63,381</u>	<u>64,859</u>
<b>Current Liabilities</b>		
Trade and other payables	11,161	11,339
Loans and borrowings	153	172
Amount due to a director	11	15
	<u>11,325</u>	<u>11,526</u>
<b>Non-current Liabilities</b>		
Loans and borrowings	632	971
Deferred tax liabilities	61	63
Provision for gratuity	8	8
	<u>701</u>	<u>1,042</u>
<b>Total liabilities</b>	<u>12,026</u>	<u>12,568</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>75,407</u>	<u>77,427</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	8.98	9.33

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017 and the accompanying explanatory notes attached to these interim financial statements)

**M3 TECHNOLOGIES (ASIA) BERHAD (482772-D)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY****For the Three (3) months ended 30 September 2017**

	(Note a) Share Capital	Share Premium	Treasury Shares	Warrant Reserve	Foreign Currency Translation Reserve	Retained Earnings/ (Accumulated Losses)	Total	Non-Controlling Interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Three (3) months ended 30 September 2017</b>									
Balance at 1 July 2017	62,946	-	(566)	9,816	2,414	(20,124)	54,486	10,373	64,859
Total comprehensive income/(loss) for the period	-	-	-	-	(122)	(1,913)	(2,035)	557	(1,478)
Balance at 30 September 2017	62,946	-	(566)	9,816	2,292	(22,037)	52,451	10,930	63,381
<b>Three (3) months ended 30 September 2016</b>									
Balance at 1 July 2016	19,732	4,631	(566)	-	1,312	(3,339)	21,770	6,683	28,453
Issuance of shares	38,953	-	-	-	-	-	38,953	-	38,953
Total comprehensive income/(loss) for the period	-	-	-	-	375	(944)	(569)	920	351
Balance at 30 September 2016	58,685	4,631	(566)	-	1,687	(4,283)	60,154	7,603	67,757

**Note a**

With the Companies Act 2016 ("NewAct") coming into effect on 31 January 2017, the credit standing in the share premium account of RM4,261,000 has been transferred to the share capital account. Pursuant to subsection 618(3) of the New Act, the Group may exercise its right to use the credit amount being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017 and the accompanying explanatory notes attached to these interim financial statements)

**M3 TECHNOLOGIES (ASIA) BERHAD (482772-D)**  
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**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Three (3) months ended 30 September 2017**

	<b>3 months ended</b>	
	<b>30-Sep-17</b>	<b>30-Sep-16</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(653)	113
Adjustment for :		
Allowance for impairment of receivables	(7)	-
Amortisation of product development expenditure	340	241
Bad debts recovered	-	(1)
Bad debts written off	93	-
Depreciation of plant and equipment	327	249
(Gain)/loss on disposal of plant and equipment	(24)	-
(Gain)/loss on foreign exchange translation - Unrealised	299	213
Interest expense	20	9
Interest income	(10)	(14)
Operating profit before working capital changes	<u>385</u>	<u>810</u>
Changes in working capital :		
Increase in inventories	100	(1,041)
Increase in trade and other receivables	(107)	(537)
Decrease in amount due from an joint venture	-	38
(Decrease)/Increase in trade and other payables	(178)	(8,153)
Decrease in amount due to a Director	(4)	(110)
Cash flows (used in)/generated from operating activities	<u>196</u>	<u>(8,993)</u>
Tax paid	<u>(423)</u>	<u>(20)</u>
<b>Net cash (used in)/generated from operating activities</b>	<u>(227)</u>	<u>(9,013)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	10	14
Purchase of plant and equipment	-	(344)
Product development expenditure	(255)	(442)
Proceed from disposal of investment in an associate	-	-
<b>Net cash used in investing activities</b>	<u>(245)</u>	<u>(772)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest expense	(20)	(9)
Issuance of new shares	-	38,953
Repayment of loans and borrowings	(358)	(49)
<b>Net cash generated from/(used in) financing activities</b>	<u>(378)</u>	<u>38,895</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(850)	29,110
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	(367)	4,460
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>29,044</u>	<u>6,408</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>27,827</u>	<u>39,978</u>

The cash and cash equivalents at beginning of year and quarter end represents cash on hand, cash and banks balances.

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 30 June 2017 and the accompanying explanatory notes attached to these interim financial statements)

**M3 TECHNOLOGIES (ASIA) BERHAD (482772-D)**  
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**Part A - Explanatory Notes Pursuant to MFRS 134**

**1. Basis of Preparation**

The condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* issued by the International Accounting Standards Board.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2017. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to understanding the changes in the financial position and performance of the Group since the financial year ended 30 June 2017.

**2. Significant Accounting Policies**

The accounting policies applied by the Group in preparing the condensed consolidated interim financial statements are consistent with those of the audited financial statements of the Group for the financial year ended 30 June 2017.

The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2017 where applicable to the Group. The initial adoption of these applicable MFRSs, amendments and interpretations do not have any material impact on the financial statements of the Group.

**3. Seasonal or Cyclical Factors**

The business of the Group is not affected by any significant seasonal or cyclical factors.

#### **4. Unusual Items due to their Nature, Size or Incidence**

There were no items affecting the assets, liabilities, equity, net income or cash flow of the Group that are unusual because of their nature, size or incidence for the current quarter under review.

#### **5. Changes in Accounting Estimates and Errors**

There were no changes in accounting estimates or error that have a material effect in the current quarter under review.

#### **6. Debt and Equity Securities**

There were no issuance or repayment of debt and equity securities, share buy-back, shares cancellations, shares held as treasury shares and resale of treasury shares in the current quarter under review.

#### **7. Dividend Paid**

No dividend has been proposed or paid in the current quarter under review.

## 8. Segmental Information

Segmental information of the results of the Group for the cumulative quarter is as follows:

### (i) Geographical Segment

<b><u>3 months ended</u></b> <b><u>30 September 17</u></b>	<b>Malaysia</b> <b>RM'000</b>	<b>Thailand</b> <b>RM'000</b>	<b>Pakistan</b> <b>RM'000</b>	<b>Other</b> <b>Countries</b> <b>RM'000</b>	<b>Eliminations/ Adjustments</b> <b>RM'000</b>	<b>Group</b> <b>RM'000</b>
Revenue	2,704	83	5,307	325	(134)	8,285
Segment results	(506)	(445)	2,726	(2,355)	(63)	(643)
Interest (expense)/income	(20)	-	-	-	10	(10)
Profit/(loss) before taxation	(526)	(445)	2,726	(2,355)	(53)	(653)
Segment assets	54,361	8,118	35,594	27,482	(50,149)	75,407
Segment liabilities	29,067	2,350	5,168	35,174	(59,734)	12,026

<b><u>3 months ended</u></b> <b><u>30 September 16</u></b>	<b>Malaysia</b> <b>RM'000</b>	<b>Thailand</b> <b>RM'000</b>	<b>Pakistan</b> <b>RM'000</b>	<b>Other</b> <b>Countries</b> <b>RM'000</b>	<b>Eliminations/ Adjustments</b> <b>RM'000</b>	<b>Group</b> <b>RM'000</b>
Revenue	2,751	150	4,102	1,173	(288)	7,888
Segment results	(1,537)	(294)	2,073	(204)	70	108
Interest (expense)/income	7	(1)	-	(1)	-	5
Profit/(loss) before taxation	(1,530)	(295)	2,073	(205)	70	113
Segment assets	56,550	9,009	24,400	20,858	(32,223)	78,594
Segment liabilities	23,742	2,414	3,130	25,546	(43,994)	10,837



## 8. Segmental Information (cont'd)

### (ii) Business Segment

<b><u>3 months ended</u></b> <b><u>30 September 17</u></b>	<b>Mobile Solutions RM'000</b>	<b>Trading &amp; Distribution RM'000</b>	<b>Eliminations/ Adjustments RM'000</b>	<b>Group RM'000</b>
Revenue	8,109	310	(134)	8,285
Segment results	1,530	(2,110)	(63)	(643)
Interest income/(expense)	(20)	-	10	(10)
Profit/(loss) before taxation	1,510	(2,110)	(53)	(653)
Segment assets	105,232	20,324	(50,149)	75,407
Segment liabilities	38,513	33,247	(59,734)	12,026
<b><u>3 months ended</u></b> <b><u>30 September 16</u></b>	<b>Mobile Solutions RM'000</b>	<b>Trading &amp; Distribution RM'000</b>	<b>Eliminations/ Adjustments RM'000</b>	<b>Group RM'000</b>
Revenue	6,661	1,515	(288)	7,888
Segment results	395	(357)	70	108
Interest income/(expense)	7	(2)	-	5
Profit/(loss) before taxation	402	(359)	70	113
Segment assets	90,653	20,164	(32,223)	78,594
Segment liabilities	26,664	28,167	(43,994)	10,837

## 9. Related parties transactions

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30-Sept-17</b>	<b>30-Sept-16</b>	<b>30-Sept-17</b>	<b>30-Sept-16</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Administration fee	-	8	-	8
Sales to a related party	1	-	1	-
Purchase from a related party	5	-	5	-
	<u>6</u>	<u>8</u>	<u>6</u>	<u>8</u>

The transactions were carried out in the ordinary course of business and are on normal commercial terms

## 10. Subsequent Events

There was no material event that took place between 1st October 2017 to the seventh day before the date of issuing this report.

**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Securities for the ACE Market**

**11. Performance Review**

**Table 1: Financial review for current quarter and financial year to date**

Business Segment	Current quarter 3 months ended			Cumulative quarter 3 months ended		
	Q1 2018	Q1 2017		FY2018-Q1	FY2017-Q1	
	30-Sept-17	30-Sept-16	Changes	30-Sept-17	30-Sept-16	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
<b>Mobile Solutions</b>						
Revenue	8,109	6,661	22%	8,109	6,661	22%
Profit/(loss) before taxation	1,510	402	276%	1,510	402	276%
<b>Trading &amp; Distribution</b>						
Revenue	176	1,227	-86%	176	1,227	-86%
Profit/(loss) before taxation	(2,110)	(359)	488%	(2,110)	(359)	488%
<b>Adjustment</b>						
Profit/(loss) before taxation	(53)	70	-176%	(53)	70	-176%
<b>Total</b>						
Revenue	8,285	7,888	5%	8,285	7,888	5%
Profit/(loss) before taxation	(653)	113	-678%	(653)	113	-678%
Profit/(loss) after taxation	(1,111)	(224)	396%	(1,111)	(224)	396%
Profit/(loss) attributable to owners of the company	(1,913)	(944)	103%	(1,913)	(944)	103%

Q1-2018 vs. Q1-2017

The Group registered revenue of RM8.3 million and loss after tax of RM1.1 million for the current quarter (“Q1 2018”) compared to revenue of RM7.9 million and loss after tax of RM0.2 million of the corresponding quarter of previous year (“Q1 2017”). The higher revenue was mainly due to higher demand for software platform products and value added services in the Mobile Solutions segment. Higher loss after tax was mainly due expenditure on the media advertising and campaign for various region. Expenditure incurred to rebuild sales team for various region further affected the performance of the Group for the current quarter.

The Mobile Solutions segment recorded revenue of RM8.1 million for Q1 2018, representing an increase of RM1.4 million or 22% compared to Q1 2017 due to higher demand for software platform products and value added services from various region. Hence, the Mobile Solutions segment registered a profit before tax of RM1.5 million for Q1 2018 as compared to a profit before tax of RM0.4 million in Q1 2017.

The Trading & Distribution segment recorded a decrease in revenue for the current quarter mainly due to lower sales volume and intense pricing competition resulting in lower average net selling prices. Higher expenditure on the media advertising and campaign further affected the performance of the Group for the current quarter. Hence, the Trading & Distribution segment registered a loss before tax of RM2.1 million for the current quarter compared to a loss before of RM0.4 million in the corresponding quarter of previous year.

**Table 2: Financial review for current quarter compared with immediate preceding quarter**

Business Segment	Current quarter 3 months ended		
	Q1 2018	Q4 2017	
	30-Sept-17	30-June-17	Changes
	RM'000	RM'000	(%)
<b>Mobile Solutions</b>			
Revenue	8,109	9,446	-14%
Profit/(loss) before taxation	1,510	29	5107%
<b>Trading &amp; Distribution</b>			
Revenue	176	3,074	-94%
Profit/(loss) before taxation	(2,110)	(4,976)	-58%
<b>Adjustment</b>			
Profit/(loss) before taxation	(53)	1,570	-103%
<b>Total</b>			
Revenue	8,285	12,520	-34%
Profit/(loss) before taxation	(653)	(3,377)	-81%
Profit/(loss) after taxation	(1,111)	(3,873)	-71%
Profit/(loss) attributable to owners of the company	(1,913)	(4,712)	-59%

Q1-2018 vs. Q4-2017

The Group registered revenue of RM8.3 million and loss after tax of RM1.1 million for the Q1 2018 as compared to revenue of RM12.5 million and loss after tax of RM3.9 million of the previous quarter ended 30 June 2017 (“Q4 2017”). The decrease in revenue was due to lower order fulfilment in Trading & Distribution segment and intense pricing competition resulting in lower average net selling prices. Lower loss after tax was mainly due to non-recurring expense incurred on provision of doubtful debt and inventories written down in the Q4 2017.

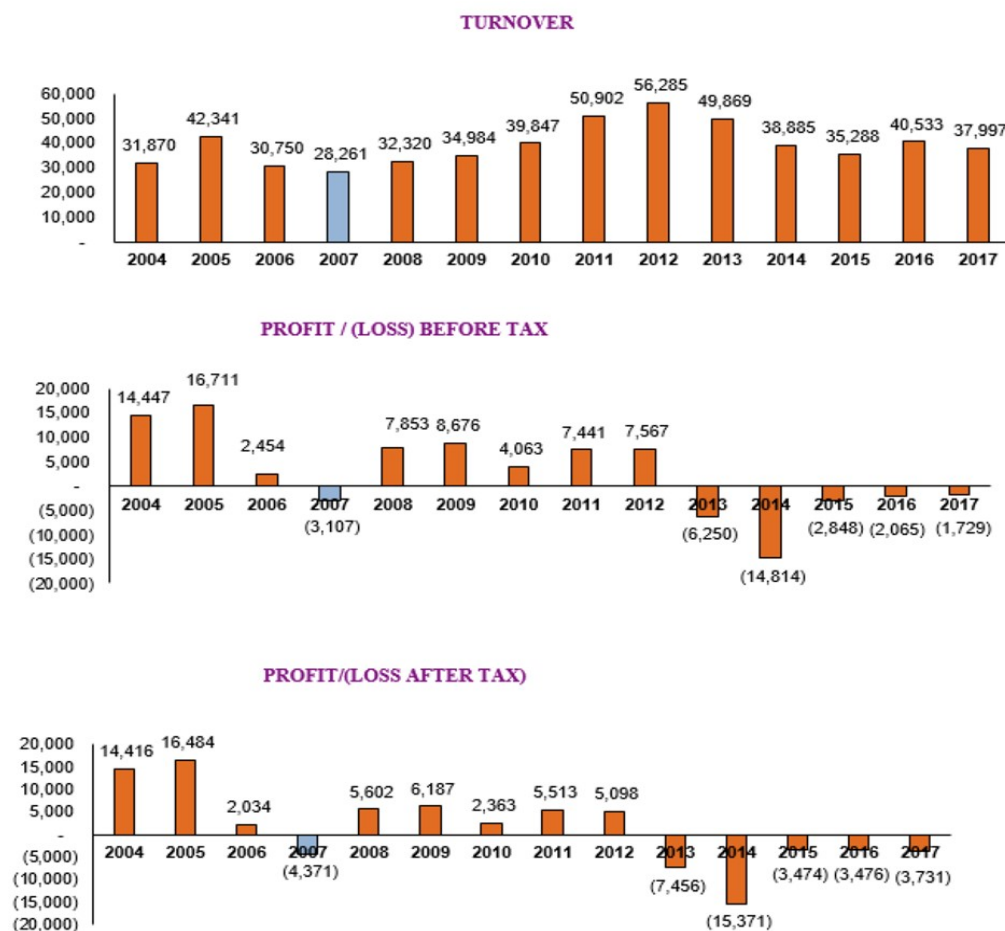
The Mobile Solutions segment recorded revenue of RM8.1 million for Q1 2018, representing a decrease of RM1.3 million or 14% compared to Q4 2017 due to lower demand for Value Added Services (“VAS”) from certain region. Despite the lower revenue, the Mobile Solutions segment registered a profit before tax of RM1.51 million for Q1 2018 as compared to a profit before tax of RM0.03 million in Q4 2017. This was mainly due to non-recurring expense incurred on provision of doubtful debt Q4 2017.

The Trading & Distribution segment recorded a decrease in revenue for Q1 2018 mainly due to lower sales volume and intense pricing competition resulting in lower average net selling prices. Despite the lower revenue, the Trading & Distribution segment registered a loss before tax of RM2.1 million for Q1 2018 compared to a loss before of RM4.9 million in Q4 2017. This was mainly due non-recurring expense incurred on provision of doubtful debt and inventories written down in Q4 2017.

## 12. Commentary on Prospects

### An overview of our past performances

From 2004 to 2012, M3 Tech had been profitable, with 2007 being the only loss-making year. Over the same period, M3 Tech had distributed dividends totaling in excess of RM20 million to its shareholders.



Beginning 2013 began a difficult time for M3 Tech, due to the decline Value Added Service & GPS device distribution revenue, whereupon M3 Tech immediately embarked on a group restructuring exercise to stem the losses. At the same time, investments were made in R&D in multiple areas to prepare the future product stream.

### **An overview of our present business development**

M3 Tech has since completed 4 software platform products, of which revenue is based on the SaaS (“Software as a Service”) business model as follows:

i3AppsBuilder	- Mobile Software (App) Generators
i3Display	- Content Management & Broadcast System for display devices
i3TeamWorks	- Business Management Software
i3Trackers	- Platform Software for GPS Tracking Devices

All the above software is actively marketed and in use right now, with positive responses to all. As a matter of fact, i3AppsBuilder recently received the **2017 APICTA Award** for **Best Application & Infrastructure Tools**, whereas i3Trackers & i3TeamWorks were shortlisted as finalists in their respective fields

**i3AppsBuilder** is a mobile application (“app”) generator for any business that wishes to have their dedicated and customized mobile app. Its design allows anyone to create and build apps without any programming knowledge. As with any other SaaS product, i3AppsBuilder is licensed and charged on a yearly basis.

In addition, our recently launched i3SOS (“Self Ordering System” for F&B outlets) is a testament to the sophisticated and highly functional mobile application that can be built easily using the i3AppsBuilder platform. i3AppsBuilder can also integrate with i3Display.

**i3Display** is designed to control and manage content that is displayed on ANY type of display device, encompassing anything from large outdoor LED devices down to the smallest indoor screens and monitors. Its rich features are suitable for deployment in all types of business, such as in shopping malls, showrooms, airports, or for use at events (weddings, conventions, etc.).

Support for touch-screen interactivity allows displays to serve as self-help kiosks, allowing the devices to serve as fast-food ordering stations, airport check-in stations, photo kiosks, information kiosks, and many more. i3Display is licensed and charged on a yearly basis.

**i3TeamWorks** is built for businesses to manage their business. This software is suitable for any size of company, with employee numbers ranging from single digits to the thousands, it embodies all aspects of business management. There are myriad of functions and we have classified them into 3 main categories: Work Culture, Office Culture, and Sales Culture.

Each category contains modules designed to improve efficiency, transparency, accountability, and most importantly, reduce the negative impact arising from forgotten tasks, missed deadlines, and generally inefficient practices. Software is licensed and charged on a per user and per year basis

**i3Trackers** is a GPS device management platform built to support multi-protocol servers and mobile applications, which means it can handle almost any device from any manufacturer. Data from GPS devices is easily translated into usable information, and two-way capability is also possible. Mobile apps are able to send signals to the devices, enabling specific functions such as engine cut-off to automobiles. This initiative amalgamates M3 Tech’s core competence in GPS and device programming, taking us into the IoT (“Internet of Things”) business models of the future. Software is licensed on per device and charged per year basis.

**Commercially**, after our corporate exercise on Rights Issue of shares in end-2016, and since the start of this current financial year ending 30 June 2018, the following has been undertaken by the Company:

1. Rebuild Sales Team in Malaysia, Indonesia, Thailand, Hong Kong, and China to focus on i3Display & i3TeamWorks' sales & marketing.
2. Carry on Media Advertising & Campaign for various region
3. Participate in International Exhibitions (Shanghai, Shenzhen, and Dubai)

Since then, M3 Tech has clocked in quite impressive results in terms of paying customers to our SaaS platforms. We now have close to 2,500 licenses sold for i3Display, with another 2,000 license for i3TeamWorks.

Malaysia is the longest-running market for i3Display and many prominent brands have adopted i3Display devices for their events. There are also many permanent installations of i3Display devices, such as in showrooms, airports, malls, and other public places.

At the same time, i3Display also has customers in Thailand, Moscow, Mexico, Taiwan, Hong Kong, and China. We have started international distribution headquartered in Hong Kong, with Chinese display device manufacturers bundling i3Display software with their hardware, resulting in many additional license sales.

i3TeamWorks' customers are also extremely diverse in terms of both industry and size, with the latter comprising SMEs and banks to listed companies.

This i3Tracker model is to work with OEMs, leveraging the marketing reach of existing businesses instead of spending unnecessary time and effort for mediocre results. We currently have agreements with telcos, both locally and in Indonesia, to supply GPS hardware and software.

### **An overview of our future prospects**

#### **Malaysia & South East Asia**

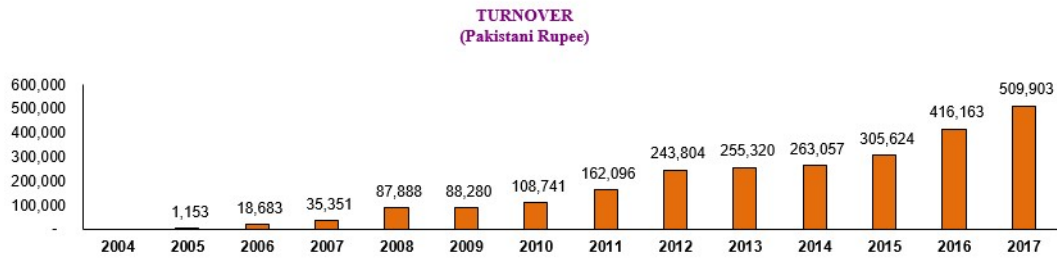
It is imperative to understand that, not only do we now have 4 powerful core platforms that are quickly gaining acceptance on an international basis, but also these platforms are evergreen technologies with infinite lifespans. They all cater to the new business norms of having your own apps, displays, and using technology to manage your workforce, bringing these tools to everyone, and not just large corporations with deep pockets.

M3 Tech will also magnify the sales revenue by rebuilding its overseas operations to their fullest potential. Distributors and resellers have already been appointed, and will continue to be recruited to enhance sales globally. We will also continue to work closely with Chinese device manufacturers so that we are able to tap into their extensive marketing networks.

With the above in mind, our Hong Kong operation will be given the exclusive rights to market i3Display and i3TeamWorks worldwide, as Hong Kong historically has, and continues to be, a highly prominent global marketplace.

#### **Pakistan & Middle East**

Since 2005, M3Tech has invested to start the Pakistan operation with AKD Venture Fund Limited, and Pakistan financial result has been impressive. Graph below sets our Pakistan's performance since 2005 till to date:-



As such, prospects continue to be strong, provided that the economy in general remains robust. The Board is cautiously optimistic on the Group's performance.

To summarize, M3 Group now owns 4 formidable software products which are gaining traction in markets around the world. All of these products are based on a SaaS business model (i.e. yearly subscription), and we have had a positive response since July.

M3 has long completed the development phases of the above products, as well as several revisions. They have all reached a level of sophisticated maturity, are in the marketing phase, and already has active users across the world. Sales momentum is expected to continue to build, with more users signing onto i3Display & i3TeamWorks in the months to come.

Close collaboration with digital display manufacturers in China have already borne fruit as they continue to bundle and/or resell our software. This makes us optimistic that, barring any unforeseen circumstances, our i3 series of software products will contribute significantly to our future bottom line.

### 13. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee.

### 14. Taxation

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>30-Sept-17</b>	<b>30-Sept-16</b>	<b>30-Sept-17</b>	<b>30-Sept-16</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
In respect of current period:-				
- Malaysian tax	-	-	-	-
- Foreign tax	458	337	458	337
	<u>458</u>	<u>337</u>	<u>458</u>	<u>337</u>



The effective tax rate for the current quarter was higher than the statutory tax rate mainly due to the losses of certain subsidiaries which cannot be set off against taxable profits made by a subsidiary.

## 15. Corporate Proposals

### Utilisation of Proceeds from Corporate Exercises

#### Multiple Proposals

The Company had on 25 August 2016 completed its Rights Issue with Warrants exercise following the admission of the warrants to the Official List and the listing of and quotation for 389,525,880 new ordinary shares of RM0.10 each together with 292,144,409 warrants on the ACE Market of Bursa Securities.

The utilisation of gross proceeds raised as at 30 September 2017 is as follows:-

<b>Purpose</b>	<b>Proposed utilisation (RM'000)</b>	<b>Actual utilisation (RM'000)</b>	<b>Balance yet to be utilised (RM'000)</b>	<b>Estimated timeframe for utilisation</b>
Purchase of i3Display terminals, screens and parts	8,000	938	7,062	Within 24 months
Purchase of products for distribution within existing and new product range	6,500	6,500	-	Within 24 months
Purchase of smart home solution devices	3,000	-	3,000	Within 24 months
Product/software development expenditure	3,500	3,500	-	Within 24 months
Working capital	17,654	14,879	2,775	Within 24 months
Estimated expenses for the proposals	299	299	-	Within 24 months
<b>Total</b>	<b>38,953</b>	<b>26,116</b>	<b>12,837</b>	

## 16. Group Borrowings and Debt Securities

The Group borrowings as at 30 Sept 2017 and 30 Sept 2016 are as follows:

	<b>30-Sept-17</b> <b>RM'000</b>	<b>30-Sept-16</b> <b>RM'000</b>
<b><u>Current</u></b>		
<b><u>Secured</u></b>		
- Term loan	60	55
- Obligations under finance leases	93	94
	<hr/> 153	<hr/> 149
<b><u>Non-current</u></b>		
<b><u>Secured</u></b>		
- Term loan	328	394
- Obligations under finance leases	304	1
	<hr/> 632	<hr/> 395
Total Group borrowings	<hr/> <hr/> 785	<hr/> <hr/> 544

The Group did not have any debt securities as at 30 September 2017.

## 17. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings as at 30 September 2017 and 30 June 2017 are analysed as follows:

	<b>30-Sept-17</b> <b>RM'000</b>	<b>30-Jun-17</b> <b>RM'000</b>
The accumulated losses of the Group		
- Realised	(21,976)	(20,061)
- Unrealised	(61)	(63)
Total Group accumulated losses as per unaudited consolidated financial statement	<hr/> <hr/> (22,037)	<hr/> <hr/> (20,124)

## 18. Changes in Material Litigation

As at the seventh (7<sup>th</sup>) day before the date of issuing this report, the Company was not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group.

## 19. Earnings Per Share

The earnings per share was calculated by dividing the Company's profit after taxation and non-controlling interests by the weighted average number of ordinary shares in the respective period as follows:

	<b>Current Quarter 3 months ended</b>		<b>Cumulative Quarter 3 months ended</b>	
	<b>30-Sept-17</b>	<b>30-Sept-16</b>	<b>30-Sept-17</b>	<b>30-Sept-16</b>
Profit/(Loss) after tax and non-controlling interests (RM'000)	(1,913)	(944)	(1,913)	(944)
Weighted average number of ordinary shares in issue	584,288,820	454,446,860	584,288,820	454,446,860
<u>Profit/(Loss) Per Share</u> Basic Earnings/(Diluted) Sen	(0.33)	(0.21)	(0.33)	(0.21)

## 20. Derivatives

The Group did not enter into any derivatives during the current quarter under review.

## 21. Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit and loss for the current quarter under review.

## 22. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 30 June 2017 was not qualified.

By order of the Board of Directors

Lim Seng Boon  
Director  
29 November 2017