

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the Twelve (12) months ended 30 June 2018

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	30-Jun-18 Unaudited RM'000	30-Jun-17 Unaudited RM'000	30-Jun-18 Unaudited RM'000	30-Jun-17 Unaudited RM'000
Revenue	9,555	12,284	37,553	38,926
Operating Expenses	(9,688)	(15,908)	(39,838)	(40,962)
Profit/(Loss) from Operations	<u>(133)</u>	<u>(3,624)</u>	<u>(2,285)</u>	<u>(2,036)</u>
Net interest income/(expense)	26	247	260	307
Profit/(Loss) before taxation	<u>(107)</u>	<u>(3,377)</u>	<u>(2,025)</u>	<u>(1,729)</u>
Income tax expense	(799)	(496)	(3,312)	(2,003)
Net Profit/(Loss) for the period	<u><u>(906)</u></u>	<u><u>(3,873)</u></u>	<u><u>(5,337)</u></u>	<u><u>(3,732)</u></u>
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences	<u>(915)</u>	<u>(524)</u>	<u>(4,899)</u>	<u>1,555</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(915)</u>	<u>(524)</u>	<u>(4,899)</u>	<u>1,555</u>
Total comprehensive income/(loss) for the period	<u><u>(1,821)</u></u>	<u><u>(4,397)</u></u>	<u><u>(10,236)</u></u>	<u><u>(2,177)</u></u>
Attributable to:				
Equity holders of the Company	(1,729)	(4,712)	(7,721)	(6,969)
Non-controlling interests	<u>823</u>	<u>839</u>	<u>2,384</u>	<u>3,237</u>
	<u><u>(906)</u></u>	<u><u>(3,873)</u></u>	<u><u>(5,337)</u></u>	<u><u>(3,732)</u></u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	(2,560)	(4,928)	(10,350)	(5,867)
Non-controlling interests	<u>739</u>	<u>531</u>	<u>114</u>	<u>3,690</u>
	<u><u>(1,821)</u></u>	<u><u>(4,397)</u></u>	<u><u>(10,236)</u></u>	<u><u>(2,177)</u></u>
Earnings/(loss) per share				
Basic / Diluted (sen)	(0.30)	(0.81)	(1.32)	(1.32)

(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 Twelve (12) months ended 30 June 2018

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Profit before taxation				
Included in the Profit before tax are the following items:				
Allowance for impairment of receivables	142	1,179	170	1,179
Amortisation of product development expenditure	354	523	1,381	1,288
Bad debts recovered	-	(318)	-	(319)
Bad debts written off	86	169	352	169
Depreciation of plant and equipment	292	92	1,245	902
(Gain)/loss on disposal of plant and equipment	(216)	-	(319)	(10)
<u>(Gain)/loss on foreign exchange translation</u>				
- Realised	214	66	234	87
- Unrealised	(1,119)	713	1,271	171
<u>Interest expense/(income)</u>				
- Interest expense	9	22	49	52
- Interest income	(35)	(269)	(308)	(360)
Inventories written down	-	1,293	-	1,293
Inventories written off	-	310	-	310
Property, plant and equipment written off	-	484	-	484

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
- 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 June 2018

	30-Jun-18 Unaudited RM'000	30-Jun-17 Audited RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	4,856	5,507
Intangible assets	3,790	4,320
Other investment	2,009	2,009
Trade and other receivables	-	149
	<u>10,655</u>	<u>11,985</u>
Current Assets		
Inventories	2,917	4,828
Trade and other receivables	26,338	30,443
Tax refundable	546	1,127
Cash and bank balances	24,903	29,044
	<u>54,704</u>	<u>65,442</u>
TOTAL ASSETS	<u>65,359</u>	<u>77,427</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	62,946	62,946
Share premium	-	-
Treasury shares	(566)	(566)
Warrant reserve	9,816	9,816
Accumulated losses	(27,845)	(20,124)
Foreign currency translation reserve	(215)	2,414
	<u>44,136</u>	<u>54,486</u>
Non-controlling interests	<u>9,784</u>	<u>10,373</u>
Total equity	<u>53,920</u>	<u>64,859</u>
Current Liabilities		
Trade and other payables	10,685	11,339
Loans and borrowings	114	172
Amount due to a director	-	15
	<u>10,799</u>	<u>11,526</u>
Non-current Liabilities		
Loans and borrowings	578	971
Deferred tax liabilities	55	63
Provision for gratuity	7	8
	<u>640</u>	<u>1,042</u>
Total liabilities	<u>11,439</u>	<u>12,568</u>
TOTAL EQUITY AND LIABILITIES	<u>65,359</u>	<u>77,427</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	7.55	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 Twelve (12) months ended 30 June 2018

	(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
Twelve (12) months ended 30 June 2018									
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	-	-	-	-	(2,629)	(7,721)	(10,350)	114	(10,236)
Transactions with owners									
Dividend paid	-	-	-	-	-	-	-	(703)	(703)
Balance at 30 June 2018	62,946	-	(566)	9,816	(215)	(27,845)	44,136	9,784	53,920
Twelve (12) months ended 30 June 2017									
Balance at 1 July 2016	19,732	4,631	(566)	-	1,312	(3,339)	21,770	6,683	28,453
Share issuance expenses	-	(370)	-	-	-	-	(370)	-	(370)
Adjustments for effects of Companies Act 2016	4,261	(4,261)	-	-	-	-	-	-	-
Issuance of shares	38,953	-	-	9,816	-	(9,816)	38,953	-	38,953
Total comprehensive income/(loss) for the period	-	-	-	-	1,102	(6,969)	(5,867)	3,690	(2,177)
Balance at 30 June 2017	62,946	-	(566)	9,816	2,414	(20,124)	54,486	10,373	64,859

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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Twelve (12) months ended 30 June 2018

	12 months ended	
	30-Jun-18	30-Jun-17
	Unaudited	Unaudited
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(2,025)	(1,729)
Adjustment for :		
Allowance for impairment of receivables	170	1,179
Amortisation of product development expenditure	1,381	1,288
Bad debts recovered	-	(319)
Bad debts written off	352	169
Depreciation of plant and equipment	1,245	902
(Gain)/loss on disposal of plant and equipment	(319)	(10)
(Gain)/loss on foreign exchange translation - Unrealised	1,271	171
Interest expense	49	52
Interest income	(308)	(360)
Inventories write-down	-	1,293
Inventories written off	-	310
Plant and equipment written off	-	484
Operating profit before working capital changes	<u>1,816</u>	<u>3,430</u>
Changes in working capital :		
Increase in inventories	1,911	(2,515)
Increase in trade and other receivables	2,461	(8,035)
Decrease in amount due from an joint venture	-	64
(Decrease)/Increase in trade and other payables	(655)	(6,565)
Decrease in amount due to a Director	(15)	(145)
Cash flows (used in)/generated from operating activities	<u>5,518</u>	<u>(13,766)</u>
Tax paid	<u>(2,739)</u>	<u>(1,990)</u>
Net cash (used in)/generated from operating activities	<u><u>2,779</u></u>	<u><u>(15,756)</u></u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	308	360
Purchase of plant and equipment	(275)	(2,948)
Product development expenditure	(851)	(1,427)
Proceed from disposal of investment in an associate	-	3,780
Net cash used in investing activities	<u>(818)</u>	<u>(235)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest expense	(49)	(52)
Issuance of new shares	-	38,953
Repayment of loans and borrowings	(451)	550
Net cash generated from/(used in) financing activities	<u>(1,203)</u>	<u>39,451</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	758	23,460
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(4,899)	(824)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>29,044</u>	<u>6,408</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u><u>24,903</u></u>	<u><u>29,044</u></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

<u>12 months ended</u> <u>30 June 18</u>	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	8,856	299	25,226	4,545	(1,373)	37,553
Segment results	(4,601)	(1,629)	10,407	(5,887)	(575)	(2,285)
Interest (expense)/income	(48)	-	-	-	308	260
Profit/(loss) before taxation	(4,649)	(1,629)	10,407	(5,887)	(267)	(2,025)
Segment assets	49,641	7,423	35,036	30,362	(57,103)	65,359
Segment liabilities	27,665	3,029	6,448	38,727	(64,431)	11,439

<u>12 months ended</u> <u>30 June 17</u>	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	12,647	777	21,277	5,356	(1,131)	38,926
Segment results	(8,439)	(1,078)	10,942	(5,092)	1,631	(2,036)
Interest (expense)/income	(47)	(2)	-	(4)	360	307
Profit/(loss) before taxation	(8,486)	(1,080)	10,942	(5,096)	1,991	(1,729)
Segment assets	55,736	8,379	33,210	31,034	(50,932)	77,427
Segment liabilities	29,905	2,181	4,466	36,586	(60,570)	12,568

8. Segmental Information (cont'd)

(ii) Business Segment

<u>12 months ended</u> <u>30 June 18</u>	Mobile Solutions and SaaS RM'000	Trading & Distribution RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	39,151	(225)	(1,373)	37,553
Segment results	1,374	(3,084)	(575)	(2,285)
Interest income/(expense)	(48)	-	308	260
Profit/(loss) before taxation	1,326	(3,084)	(267)	(2,025)
Segment assets	118,414	4,048	(57,103)	65,359
Segment liabilities	51,519	24,351	(64,431)	11,439
<u>12 months ended</u> <u>30 June 17</u>	Mobile Solutions and SaaS RM'000	Trading & Distribution RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	33,393	6,664	(1,131)	38,926
Segment results	718	(4,385)	1,631	(2,036)
Interest income/(expense)	(49)	(4)	360	307
Profit/(loss) before taxation	669	(4,389)	1,991	(1,729)
	-			
Segment assets	118,947	9,412	(50,932)	77,427
Segment liabilities	45,570	27,568	(60,570)	12,568

9. Related parties transactions

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	30-Jun-18 RM'000	30-Jun-17 RM'000	30-Jun-18 RM'000	30-Jun-17 RM'000
Administration fee	-	-	-	16
Sales to a related party	2	2	13	4
Purchase from a related party	3	15	23	15
	<u>5</u>	<u>17</u>	<u>36</u>	<u>35</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 July 2018 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 12 months ended		
	Q4 2018	Q4 2017		FY2018-Q4	FY2017-Q4	
	30-Jun-18	30-Jun-17	Changes	30-Jun-18	30-Jun-17	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Mobile Solutions and SaaS						
Revenue	10,400	9,814	6%	39,151	33,393	17%
Profit/(loss) before taxation	957	(2,310)	-141%	1,326	669	98%
Trading & Distribution						
Revenue	(436)	2,622	-117%	(225)	6,664	-103%
Profit/(loss) before taxation	(1,190)	(2,637)	-55%	(3,084)	(4,389)	-30%
Adjustment						
Revenue	(409)	(152)	169%	(1,373)	(1,131)	21%
Profit/(loss) before taxation	126	1,570	-92%	(267)	1,991	-113%
Total						
Revenue	9,555	12,284	-19%	37,553	38,926	-2%
Profit/(loss) before taxation	(107)	(3,377)	-97%	(2,025)	(1,729)	17%
Profit/(loss) after taxation	(906)	(3,873)	-77%	(5,337)	(3,732)	43%
Profit/(loss) attributable to owners of the company	(1,729)	(4,712)	-63%	(7,721)	(6,969)	11%

Q4-2018 vs. Q4-2017

The Group registered revenue of RM9.5 million and loss after tax of RM0.9 million for the current quarter (“Q4 2018”) compared to revenue of RM12.3 million and loss after tax of RM3.9 million of the corresponding quarter of previous year (“Q4 2017”). Lower revenue in Q4 2018 was mainly due to reduction in Trading & Distribution segments arising from intense pricing competition resulting in lower average net selling prices. Higher loss in Q4 2017 was mainly due to provision of doubtful debt, bad debt written off and inventories written down.

The Mobile Solutions and SaaS segments recorded revenue of RM10.4 million for Q4 2018, representing an increase of RM0.6 million or 6% compared to Q4 2017 due to higher demand for value added services and I3Display from various region. Hence, the Mobile Solutions and SaaS segments registered a profit before tax of RM0.9 million for Q4 2018.

The Trading & Distribution segment recorded a decrease in revenue for the current quarter (“Q4 2018”) mainly due to lower sales volume and intense pricing competition resulting in lower average net selling prices. Hence, the Trading & Distribution segment registered a loss before tax of RM1.2 million for the current quarter.

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

Business Segment	Current quarter 3 months ended		
	Q4 2018	Q3 2018	
	30-Jun-18	31-Mar-18	Changes
	RM'000	RM'000	(%)
Mobile Solutions and SaaS			
Revenue	10,400	8,005	30%
Profit/(loss) before taxation	957	(1,997)	-148%
Trading & Distribution			
Revenue	(436)	(201)	117%
Profit/(loss) before taxation	(1,190)	(622)	91%
Adjustment			
Revenue	(409)	(405)	1%
Profit/(loss) before taxation	126	(164)	-177%
Total			
Revenue	9,555	7,399	36%
Profit/(loss) before taxation	(107)	(2,783)	-96%
Profit/(loss) after taxation	(906)	(4,178)	-78%
Profit/(loss) attributable to owners of the company	(1,729)	(4,320)	-60%

Q4-2018 vs. Q3-2018

The Group registered revenue of RM9.5 million and loss after tax of RM0.9 million for the Q4 2018 as compared to revenue of RM7.4 million and loss after tax of RM4.2 million in the previous quarter ended 31 March 2018 (“Q3 2018”). The higher revenue and lower loss after tax were mainly due to higher demand for value added services and I3Display from various region.

The Mobile Solutions and SaaS segments recorded revenue of RM10.4 million for Q4 2018, representing an increase of RM2.4 million or 30% compared to Q3 2018 due to higher demand for value added services and I3Display from various region. Hence, the Mobile Solutions and SaaS segment registered profit before tax of RM0.9 million for Q4 2018.

The Trading & Distribution segment recorded a decrease in revenue for Q4 2018 mainly due to lower sales volume and intense pricing competition resulting in lower average net selling prices. Hence, the

Trading & Distribution segment registered a loss before tax of RM1.2 million for the current quarter compared to a loss before tax of RM0.6 million in the previous quarter (“Q3 2018”).

12. Commentary on Prospects

In the fourth quarter, our focus was on ensuring that each operation is managed efficiently, the first major step of which was to strictly control expenses whilst further improving sales for all channels. These measures have begun to show substantial results as evidenced by our latest results. Relevant strategies have been implemented across our VAS and i3Display operations, with the immediate objective being the continued enhancement of performance.

Malaysia & South East Asia

Restructuring and rationalization of some subsidiaries, e.g. Malaysia, Indonesia, and Thailand, is still in progress. Meanwhile, staff force in Value-Added Service (VAS) and Distribution divisions in Malaysia have been merged to a single business unit and focusing on the following:-

- a) VAS Services with i3APP, i3Messenger
- b) I3SOS Self Ordering Kiosk & Multi-Purpose Kiosk Development
- c) GPS Trackers & Apps Development for OEM
- d) I3D Lite for Retail Market
- e) I3TeamWorks to SME

New initiatives such as our in-house open days serve to aggressively sell our products with encouraging results. This momentum will be maintained with regularly scheduled open houses as well as continued presence at international trade shows. New versions of our i3Display software will be showcased, such as the Lite and 4K versions, along with the Self-Ordering Kiosk System (SOS). Similar strategies remain for Thailand and Indonesia, whereby non-performing arms will be scaled or shut down.

China & Hong Kong

As with Malaysia & South East Asia, China & Hong Kong has been rationalized and streamlined. Sales of our i3Display platform services to Mainland Chinese factories continue to be maintained at a healthy pace. We currently have 14 factories that have all placed initial minimum orders, and have started to bundle the i3Display platform with the hardware that they manufacture. Leveraging the existing clientele of these factories give us instant access to international markets. The Hong Kong team will continue their participation in at least 2 international trade shows per month, as previous trade show participation has already yielded favourable results, with resellers joining up from USA (from Oregon, Illinois, and Massachusetts), Australia, Spain, and Russia.

Another highlight is in the city of Chongqing, in the Sichuan region of China. We have begun our venture into the rental market, with initial trials & orders already placed by an Exhibition and Events organizer. This model will be replicated in our other China operations to penetrate regional markets.

Pakistan & Middle East

We will be increasing the paid-up capital of M3 Technologies Pakistan (Private) Limited from Rupees 15,000,000 (Fifteen Million) to Rupees 250,000,000 (Two Hundred and Fifty Million), divided into 25,000,000 ordinary shares of Rupees 10 each as discussed by the Board, by way of issuing of bonus shares of Rupees 235,000,000 (Rupees Two Hundred and Thirty-Five Million only) to the existing shareholders out of retained earnings. This is still in progress due to changes in the National Budget of Pakistan that has recently been announced, completion is expected in August 2018.

13. Profit Forecast and Profit Guarantee

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

14. Taxation

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
	RM'000	RM'000	RM'000	RM'000
In respect of current period:-				
- Malaysian tax	-	-	-	-
- Foreign tax	799	496	3,312	2,003
	<u>799</u>	<u>496</u>	<u>3,312</u>	<u>2,003</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 June 2018 is as follows:-

Purpose	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Balance yet to be utilised (RM'000)	Estimated timeframe for utilisation
Purchase of i3Display terminals, screens and parts	8,000	1,313	6,687	Within 36 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	54	2,946	Within 36 months
Product/software development expenditure	3,500	3,500	-	Within 24 months
Working capital	17,654	16,596	1,058	Within 36 months
Estimated expenses for the proposals	299	299	-	Within 24 months
Total	38,953	28,262	10,691	

16. Group Borrowings and Debt Securities

The Group borrowings as at 30 June 2018 and 30 June 2017 are as follows:

	30-Jun-18	30-Jun-17
	RM'000	RM'000
<u>Current</u>		
<u>Secured</u>		
- Term loan	63	65
- Obligations under finance leases	51	107
	<hr/> 114	<hr/> 172
<u>Non-current</u>		
<u>Secured</u>		
- Term loan	276	340
- Obligations under finance leases	302	631
	<hr/> 578	<hr/> 971
Total Group borrowings	<hr/> <hr/> 692	<hr/> <hr/> 1,143

The Group did not have any debt securities as at 30 June 2018.

17. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings as at 30 June 2018 and 30 June 2017 are analysed as follows:

	30-Jun-18	30-Jun-17
	RM'000	RM'000
The accumulated losses of the Group		
- Realised	(27,790)	(20,061)
- Unrealised	(55)	(63)
Total Group accumulated losses as per unaudited consolidated financial statement	<hr/> <hr/> (27,845)	<hr/> <hr/> (20,124)

18. Changes in Material Litigation

As at the seventh (7th) 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:

	Current Quarter		Cumulative Quarter	
	30-Jun-18	30-Jun-17	30-Jun-18	30-Jun-17
Profit/(Loss) after tax and non-controlling interests (RM'000)	(1,729)	(4,712)	(7,721)	(6,969)
Weighted average number of ordinary shares in issue	584,288,820	584,288,820	584,288,820	527,727,528
<u>Profit/(Loss) Per Share</u>				
Basic Earnings/(Diluted) Sen	(0.30)	(0.81)	(1.32)	(1.32)

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 August 2018