

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
For the Fifteen (15) months ended 30 September 2018

	Current quarter 3 months ended		Cumulative quarter 15 months ended	
	30-Sep-18 Unaudited RM'000	30-Sep-17 Unaudited RM'000	30-Sep-18 Unaudited RM'000	30-Sep-17 Unaudited RM'000
Revenue	9,499	8,285	47,052	47,211
Operating Expenses	(10,120)	(8,928)	(49,958)	(49,890)
Profit/(Loss) from Operations	<u>(621)</u>	<u>(643)</u>	<u>(2,906)</u>	<u>(2,679)</u>
Net interest income/(expense)	96	(10)	356	297
Profit/(Loss) before taxation	<u>(525)</u>	<u>(653)</u>	<u>(2,550)</u>	<u>(2,382)</u>
Income tax expense	(823)	(458)	(4,135)	(2,461)
Net Profit/(Loss) for the period	<u><u>(1,348)</u></u>	<u><u>(1,111)</u></u>	<u><u>(6,685)</u></u>	<u><u>(4,843)</u></u>
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences	169	(367)	(4,730)	1,188
Other comprehensive (loss)/income for the period, net of tax	<u>169</u>	<u>(367)</u>	<u>(4,730)</u>	<u>1,188</u>
Total comprehensive income/(loss) for the period	<u><u>(1,179)</u></u>	<u><u>(1,478)</u></u>	<u><u>(11,415)</u></u>	<u><u>(3,655)</u></u>
Attributable to:				
Equity holders of the Company	(1,934)	(1,913)	(9,655)	(8,882)
Non-controlling interests	586	802	2,970	4,039
	<u><u>(1,348)</u></u>	<u><u>(1,111)</u></u>	<u><u>(6,685)</u></u>	<u><u>(4,843)</u></u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	(1,912)	(2,035)	(12,262)	(7,902)
Non-controlling interests	733	557	847	4,247
	<u><u>(1,179)</u></u>	<u><u>(1,478)</u></u>	<u><u>(11,415)</u></u>	<u><u>(3,655)</u></u>
Earnings/(loss) per share				
Basic / Diluted (sen)	(0.33)	(0.33)	(1.65)	(1.52)

(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 Fifteen (15) months ended 30 September 2018

	Current quarter		Cumulative quarter	
	3 months ended		15 months ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-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	111	(7)	281	1,172
Amortisation of product development expenditure	365	340	1,746	1,628
Bad debts recovered	-	-	-	(319)
Bad debts written off	(3)	93	349	262
Depreciation of plant and equipment	292	327	1,537	1,229
(Gain)/loss on disposal of plant and equipment	(33)	(24)	(352)	(34)
<u>(Gain)/loss on foreign exchange translation</u>				
- Realised	(66)	28	168	115
- Unrealised	(125)	299	1,146	470
<u>Interest expense/(income)</u>				
- Interest expense	8	20	57	72
- Interest income	(105)	(10)	(413)	(370)
Inventories written down	-	-	-	1,293
Inventories written off	-	-	-	310
Property, plant and equipment written off	-	-	-	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 September 2018

	30-Sep-18 Unaudited RM'000	30-Jun-17 Audited RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	4,819	5,507
Intangible assets	3,695	4,320
Other investment	2,009	2,009
Trade and other receivables	-	149
	<u>10,523</u>	<u>11,985</u>
Current Assets		
Inventories	2,923	4,828
Trade and other receivables	28,860	30,443
Tax refundable	112	1,127
Cash and bank balances	21,801	29,044
	<u>53,696</u>	<u>65,442</u>
TOTAL ASSETS	<u>64,219</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	(29,779)	(20,124)
Foreign currency translation reserve	(193)	2,414
	<u>42,224</u>	<u>54,486</u>
Non-controlling interests	<u>10,517</u>	<u>10,373</u>
Total equity	<u>52,741</u>	<u>64,859</u>
Current Liabilities		
Trade and other payables	10,756	11,339
Loans and borrowings	115	172
Amount due to a director	-	15
	<u>10,871</u>	<u>11,526</u>
Non-current Liabilities		
Loans and borrowings	546	971
Deferred tax liabilities	54	63
Provision for gratuity	7	8
	<u>607</u>	<u>1,042</u>
Total liabilities	<u>11,478</u>	<u>12,568</u>
TOTAL EQUITY AND LIABILITIES	<u>64,219</u>	<u>77,427</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	7.23	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 Fifteen (15) months ended 30 September 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
Fifteen (15) months ended 30 September 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	-	-	-	-	(2,607)	(9,655)	(12,262)	847	(11,415)
Transactions with owners									
Dividend paid	-	-	-	-	-	-	-	(703)	(703)
Balance at 30 September 2018	62,946	-	(566)	9,816	(193)	(29,779)	42,224	10,517	52,741
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 Fifteen (15) months ended 30 September 2018

	15 months ended	
	30-Sep-18 Unaudited RM'000	30-Sep-17 Unaudited RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(2,550)	(2,382)
Adjustment for :		
Allowance for impairment of receivables	281	1,172
Amortisation of product development expenditure	1,746	1,628
Bad debts recovered	-	(319)
Bad debts written off	349	262
Depreciation of plant and equipment	1,537	1,229
(Gain)/loss on disposal of plant and equipment	(352)	(34)
(Gain)/loss on foreign exchange translation - Unrealised	1,146	470
Interest expense	57	72
Interest income	(413)	(370)
Inventories write-down	-	1,293
Inventories written off	-	310
Plant and equipment written off	-	484
Operating profit before working capital changes	<u>1,801</u>	<u>3,815</u>
Changes in working capital :		
Increase in inventories	1,905	(2,415)
Increase in trade and other receivables	(44)	(8,142)
Decrease in amount due from an joint venture	-	64
(Decrease)/Increase in trade and other payables	(584)	(6,743)
Decrease in amount due to a Director	(15)	(149)
Cash flows (used in)/generated from operating activities	<u>3,063</u>	<u>(13,570)</u>
Tax paid	<u>(3,129)</u>	<u>(2,413)</u>
Net cash (used in)/generated from operating activities	<u>(66)</u>	<u>(15,983)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	413	370
Purchase of plant and equipment	(497)	(2,948)
Product development expenditure	(1,121)	(1,682)
Proceed from disposal of investment in an associate	-	3,780
Net cash used in investing activities	<u>(1,205)</u>	<u>(480)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest expense	(57)	(72)
Issuance of new shares	-	38,953
Repayment of loans and borrowings	(482)	192
Net cash generated from/(used in) financing activities	<u>(1,242)</u>	<u>39,073</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(2,513)</u>	<u>22,610</u>
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>(4,730)</u>	<u>(1,191)</u>
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>21,801</u>	<u>27,827</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>15 months ended</u> <u>30 September 18</u>	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	11,331	413	32,175	4,860	(1,727)	47,052
Segment results	(6,003)	(1,943)	12,686	(7,024)	(622)	(2,906)
Interest (expense)/income	(57)	-	-	-	413	356
Profit/(loss) before taxation	(6,060)	(1,943)	12,686	(7,024)	(209)	(2,550)
Segment assets	49,294	7,676	36,832	31,735	(61,319)	64,219
Segment liabilities	29,162	3,387	5,968	40,752	(67,791)	11,478

<u>15 months ended</u> <u>30 September 17</u>	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	15,351	860	26,584	5,681	(1,265)	47,211
Segment results	(8,945)	(1,523)	13,668	(7,447)	1,568	(2,679)
Interest (expense)/income	(67)	(2)	-	(4)	370	297
Profit/(loss) before taxation	(9,012)	(1,525)	13,668	(7,451)	1,938	(2,382)
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

8. Segmental Information (cont'd)

(ii) Business Segment

<u>15 months ended</u> <u>30 September 18</u>	Mobile Solutions and SaaS RM'000	Trading & Distribution RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	48,820	(41)	(1,727)	47,052
Segment results	1,122	(3,406)	(622)	(2,906)
Interest income/(expense)	(57)	-	413	356
Profit/(loss) before taxation	1,065	(3,406)	(209)	(2,550)
Segment assets	121,626	3,912	(61,319)	64,219
Segment liabilities	54,670	24,599	(67,791)	11,478
<u>15 months ended</u> <u>30 September 17</u>	Mobile Solutions and SaaS RM'000	Trading & Distribution RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	41,585	6,891	(1,265)	47,211
Segment results	735	(4,982)	1,568	(2,679)
Interest income/(expense)	(69)	(4)	370	297
Profit/(loss) before taxation	666	(4,986)	1,938	(2,382)
Segment assets	118,064	7,492	(50,149)	75,407
Segment liabilities	45,583	26,177	(59,734)	12,026

9. Related parties transactions

	Current quarter		Cumulative quarter	
	3 months ended		15 months ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
Administration fee	-	-	-	16
Sales to a related party	1	1	14	5
Purchase from a related party	14	5	37	20
	<u>15</u>	<u>6</u>	<u>51</u>	<u>41</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 Oct 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 15 months ended		
	30-Sep-18	30-Sep-17	Changes	30-Sep-18	30-Sep-17	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Mobile Solutions and SaaS						
Revenue	9,669	8,192	18%	48,820	41,585	17%
Profit/(loss) before taxation	(261)	(3)	8600%	1,065	666	60%
Trading & Distribution						
Revenue	184	227	-19%	(41)	6,891	-101%
Profit/(loss) before taxation	(322)	(597)	-46%	(3,406)	(4,986)	-32%
Adjustment						
Revenue	(354)	(134)	164%	(1,727)	(1,265)	37%
Profit/(loss) before taxation	58	(53)	-209%	(209)	1,938	-111%
Total						
Revenue	9,499	8,285	15%	47,052	47,211	0%
Profit/(loss) before taxation	(525)	(653)	-20%	(2,550)	(2,382)	7%
Profit/(loss) after taxation	(1,348)	(1,111)	21%	(6,685)	(4,843)	38%
Profit/(loss) attributable to owners of the company	(1,934)	(1,913)	1%	(9,655)	(8,882)	9%

30 September 2018 vs. 30 September 2017

The Group registered revenue of RM9.5 million and loss before tax of RM0.5 million for the current quarter ended 30 September 2018 compared to revenue of RM8.3 million and loss before tax of RM0.6 million of the corresponding quarter of previous year. Higher revenue in current quarter was mainly due to higher demand for value added services and I3Display from various region. Hence, the Group registered lower loss before tax in current quarter.

The Mobile Solutions and SaaS segments recorded revenue of RM9.7 million for current quarter, representing an increase of RM1.5 million or 18% compared to the corresponding quarter of previous year. This is due to higher demand for value added services and I3Display from various region. However, higher loss before tax was mainly due marketing expenditure on the media advertising,

campaign, in-house open days and international trade show for various region to attract more demand in the market.

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. Hence, the Trading & Distribution segment registered a loss before tax of RM0.3 million for the current quarter.

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

Business Segment	Current quarter 3 months ended		
	30-Sep-18	30-Jun-18	Changes
	RM'000	RM'000	(%)
Mobile Solutions and SaaS			
Revenue	9,669	10,400	-7%
Profit/(loss) before taxation	(261)	957	-127%
Trading & Distribution			
Revenue	184	(436)	-142%
Profit/(loss) before taxation	(322)	(1,190)	-73%
Adjustment			
Revenue	(354)	(409)	-13%
Profit/(loss) before taxation	58	126	-54%
Total			
Revenue	9,499	9,555	-1%
Profit/(loss) before taxation	(525)	(107)	391%
Profit/(loss) after taxation	(1,348)	(906)	49%
Profit/(loss) attributable to owners of the company	(1,934)	(1,729)	12%

30 September 2018 vs. 30 June 2018

The Group registered revenue of RM9.5 million and loss before tax of RM0.5 million for the current quarter ended 30 September 2018 as compared to revenue of RM9.6 million and loss before tax of RM0.1 million in the previous quarter ended 30 June 2018. The lower revenue and higher loss before tax were mainly due to lower average net selling prices imposed on the value added services for various region during the promotional campaign.

The Mobile Solutions and SaaS segments recorded revenue of RM9.7 million for current quarter, representing a decrease of RM0.7 million or 7% compared to previous quarter ended 30 June 2018 due to lower average net selling prices imposed on the value added services for various region during the promotional campaign. Hence, the Mobile Solutions and SaaS segment registered loss before tax of RM0.2 million for current quarter.

The Trading & Distribution segment recorded a narrow revenue for current quarter 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 RM0.3 million for the current quarter.

12. Commentary on Prospects

In the current quarter, our focus was on continuing to ensure that each operation was effectively run, the first major step of which was to strictly control expenses, whilst further improving sales for all channels, with additional focus on collections from such sales. These measures have begun to show substantial results as evidenced by our results since in last quarter ended 30 June 2018. Newer strategies were 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, the staff force in the Malaysian VAS and Distribution divisions were merged into a single business unit, focused on the following:-

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

The highlight of this quarter is the successful tender to supply display units to Malaysia Airports Holdings Berhad (“MAHB”). Contract duration is for two years, and we are confident to expand the installed base during this time. There are also 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 ultimately 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

Operations in this region continue to remain on-track. The current team are diligently maintaining existing business contacts as well as developing new clientele. The operation has also begun the sales and distribution of i3Display with positive results, including the signing of a Brazilian reseller. Negotiations have also begun with merchant bankers to delve further into our plans for an Initial Public Offering in Pakistan.

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 15 months ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	RM'000	RM'000	RM'000	RM'000
In respect of current period:-				
- Malaysian tax	-	-	-	-
- Foreign tax	823	458	4,135	2,461
	<u>823</u>	<u>458</u>	<u>4,135</u>	<u>2,461</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 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	1,534	6,466	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	64	2,936	Within 36 months
Product/software development expenditure	3,500	3,500	-	Within 24 months
Working capital	17,654	17,086	568	Within 36 months
Estimated expenses for the proposals	299	299	-	Within 24 months
Total	38,953	28,983	9,970	

16. Group Borrowings and Debt Securities

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

	30-Sep-18	30-Jun-17
	RM'000	RM'000
<u>Current</u>		
<u>Secured</u>		
- Term loan	64	65
- Obligations under finance leases	51	107
	<hr/> 115	<hr/> 172
<u>Non-current</u>		
<u>Secured</u>		
- Term loan	259	340
- Obligations under finance leases	287	631
	<hr/> 546	<hr/> 971
Total Group borrowings	<hr/> <hr/> 661	<hr/> <hr/> 1,143

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

17. Realised and Unrealised Earnings or Losses Disclosure

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

	30-Sep-18	30-Jun-17
	RM'000	RM'000
The accumulated losses of the Group		
- Realised	(29,725)	(20,061)
- Unrealised	(54)	(63)
Total Group accumulated losses as per unaudited consolidated financial statement	<hr/> <hr/> (29,779)	<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-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
Profit/(Loss) after tax and non-controlling interests (RM'000)	(1,934)	(1,913)	(9,655)	(8,882)
Weighted average number of ordinary shares in issue	584,288,820	584,288,820	584,288,820	584,288,820
<u>Profit/(Loss) Per Share</u>				
Basic Earnings/(Diluted) Sen	(0.33)	(0.33)	(1.65)	(1.52)

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
15 November 2018