

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 31 March 2019

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31-Mar-19 Unaudited RM'000	31-Mar-18 Unaudited RM'000	31-Mar-19 Unaudited RM'000	31-Mar-18 Unaudited RM'000
Revenue	9,268	7,399	9,268	7,399
Operating Expenses	(10,268)	(10,321)	(10,268)	(10,321)
Profit/(Loss) from Operations	<u>(1,000)</u>	<u>(2,922)</u>	<u>(1,000)</u>	<u>(2,922)</u>
Net interest income/(expense)	210	139	210	139
Profit/(Loss) before taxation	<u>(790)</u>	<u>(2,783)</u>	<u>(790)</u>	<u>(2,783)</u>
Income tax expense	(480)	(1,395)	(480)	(1,395)
Net Profit/(Loss) for the period	<u><u>(1,270)</u></u>	<u><u>(4,178)</u></u>	<u><u>(1,270)</u></u>	<u><u>(4,178)</u></u>
Other comprehensive income/(loss), net of tax				
Foreign currency translation differences	<u>(399)</u>	<u>(1,520)</u>	<u>(399)</u>	<u>(1,520)</u>
Other comprehensive (loss)/income for the period, net of tax	<u>(399)</u>	<u>(1,520)</u>	<u>(399)</u>	<u>(1,520)</u>
Total comprehensive income/(loss) for the period	<u><u>(1,669)</u></u>	<u><u>(5,698)</u></u>	<u><u>(1,669)</u></u>	<u><u>(5,698)</u></u>
Attributable to:				
Equity holders of the Company	(1,663)	(4,320)	(1,663)	(4,320)
Non-controlling interests	<u>393</u>	<u>142</u>	<u>393</u>	<u>142</u>
	<u><u>(1,270)</u></u>	<u><u>(4,178)</u></u>	<u><u>(1,270)</u></u>	<u><u>(4,178)</u></u>
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	(1,858)	(4,927)	(1,858)	(4,927)
Non-controlling interests	<u>189</u>	<u>(771)</u>	<u>189</u>	<u>(771)</u>
	<u><u>(1,669)</u></u>	<u><u>(5,698)</u></u>	<u><u>(1,669)</u></u>	<u><u>(5,698)</u></u>
Earnings/(loss) per share				
Basic / Diluted (sen)	(0.28)	(0.74)	(0.28)	(0.74)

(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 31 December 2018 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 31 March 2019

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	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	-	31	-	31
Amortisation of product development expenditure	236	334	236	334
Bad debts written off	-	86	-	86
Depreciation of plant and equipment	317	309	317	309
(Gain)/loss on disposal of plant and equipment	(49)	(58)	(49)	(58)
<u>(Gain)/loss on foreign exchange translation</u>				
- Realised	(2)	(7)	(2)	(7)
- Unrealised	155	1,165	155	1,165
<u>Interest expense/(income)</u>				
- Interest expense	8	10	8	10
- Interest income	(218)	(148)	(218)	(148)
Inventories written down	-	-	-	-
Inventories written off	-	-	-	-
Property, plant and equipment written off	24	-	24	-

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 31 December 2018 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 31 March 2019

	31-Mar-19 Unaudited RM'000	31-Dec-18 Audited RM'000
ASSETS		
Non-current Assets		
Property, plant and equipment	5,433	5,464
Intangible Asset	3,414	3,497
Other investment	2,009	2,009
Trade and other receivables	51	43
Deferred Tax Assets	38	39
	<u>10,945</u>	<u>11,052</u>
Current Assets		
Other investment	-	4,440
Inventories	2,228	2,244
Trade and other receivables	25,721	24,418
Amount due from related company	-	-
Amount due from jointly controlled entity	-	-
Tax refundable	12	13
Cash and bank balances	16,900	13,696
	<u>44,861</u>	<u>44,811</u>
Asset classified as held for sale	-	-
TOTAL ASSETS	<u>55,806</u>	<u>55,863</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	(37,458)	(35,795)
Foreign currency translation reserve	(2,369)	(2,174)
	<u>32,369</u>	<u>34,227</u>
Non-controlling interests	<u>9,128</u>	<u>8,940</u>
Total equity	<u>41,497</u>	<u>43,167</u>
Current Liabilities		
Trade and other payables	13,293	11,994
Loans and borrowings	119	117
Amount due to a director	-	-
Tax payable	352	-
	<u>13,764</u>	<u>12,111</u>
Non-current Liabilities		
Loans and borrowings	481	521
Deferred tax liabilities	56	56
Provision for gratuity	8	8
	<u>545</u>	<u>585</u>
Total liabilities	<u>14,309</u>	<u>12,696</u>
TOTAL EQUITY AND LIABILITIES	<u>55,806</u>	<u>55,863</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	5.54	5.86

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 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 31 March 2019

	(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
Three(3) months ended 31 March 2019									
Balance at 1 January 2019	62,946	-	(566)	9,816	(2,174)	(35,795)	34,228	8,940	43,167
Total comprehensive income/(loss) for the period	-	-	-	-	(195)	(1,663)	(1,858)	188	(1,670)
Transactions with owners									
Dividend paid	-	-	-	-	-	-	-	-	-
Balance at 31 March 2019	62,946	-	(566)	9,816	(2,369)	(37,458)	32,370	9,127	41,497
Eighteen (18) months ended 31 December 2018									
Balance at 1 July 2017	62,946	-	(566)	9,816	2,414	(20,124)	54,486	10,373	64,859
Issuance of shares	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	(4,588)	(15,671)	(20,259)	(731)	(20,989)
Transactions with owners									
Dividend paid	-	-	-	-	-	-	-	(703)	(703)
Balance at 31 December 2018	62,946	-	(566)	9,816	(2,174)	(35,795)	34,228	8,940	43,167

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 Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2018 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 Three(3) months ended 31 March 2019

	3 months ended	
	31-Mar-19	31-Mar-18
	Unaudited	Unaudited
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	(790)	(2,783)
Adjustment for :		-
Allowance for impairment of receivables	-	31
Amortisation of product development expenditure	236	334
Bad debts recovered	-	-
Bad debts written off	-	86
Depreciation of plant and equipment	317	309
(Gain)/loss on disposal of plant and equipment	(49)	(58)
(Gain)/loss on foreign exchange translation - Unrealised	155	1,165
Interest expense	8	10
Interest income	(218)	(148)
Plant and equipment written off	24	-
Operating profit before working capital changes	<u>(317)</u>	<u>(1,054)</u>
Changes in working capital :		
Increase in inventories	16	(191)
Increase in trade and other receivables	(1,466)	3,810
(Decrease)/Increase in trade and other payables	1,299	72
Decrease in amount due to a Director	-	-
Cash flows (used in)/generated from operating activities	<u>(468)</u>	<u>2,637</u>
Tax paid	<u>(126)</u>	<u>(1,351)</u>
Net cash (used in)/generated from operating activities	<u>(594)</u>	<u>1,286</u>
CASH FLOW FROM INVESTING ACTIVITIES		
(Addition) / Return of other investment	4,440	-
Interest received	218	148
Purchase of plant and equipment	(261)	(137)
Proceed from disposal of plant and equipment	-	-
Product development expenditure	<u>(153)</u>	<u>(195)</u>
Net cash used in investing activities	<u>4,244</u>	<u>(184)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Interest expense	(8)	(10)
Dividend paid by subsidiaries to non-controlling interests	-	(703)
Repayment of loans and borrowings	<u>(38)</u>	<u>(33)</u>
Net cash generated from/(used in) financing activities	<u>(46)</u>	<u>(746)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,604	356
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(400)	(1,520)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>13,696</u>	<u>26,598</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>16,900</u>	<u>25,434</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 31 December 2018 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 31 December 2018. 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 31 December 2018.

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 31 December 2018.

The Group has adopted the MFRSs, amendments and interpretations effective for annual period beginning on or after 1 January 2018 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>3 months ended</u> <u>31 March 19</u>	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	3,749	69	5,409	531	(490)	9,268
Segment results	(616)	(454)	1,620	(1,307)	(242)	(1,000)
Interest (expense)/income	(8)	-	-	-	218	210
Profit/(loss) before taxation	(624)	(454)	1,620	(1,307)	(24)	(790)
Segment assets	48,310	7,551	34,846	30,490	(65,392)	55,806
Segment liabilities	32,163	3,917	6,717	41,726	(70,214)	14,308

<u>3 months ended</u> <u>31 March 18</u>	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	1,752	99	5,675	278	(405)	7,399
Segment results	(1,288)	(607)	1,959	(2,674)	(312)	(2,922)
Interest (expense)/income	(9)	-	-	-	148	139
Profit/(loss) before taxation	(1,297)	(607)	1,959	(2,674)	(164)	(2,783)
Segment assets	52,857	7,382	32,309	30,060	(54,170)	68,439
Segment liabilities	28,924	2,921	5,734	37,201	(62,082)	12,698

8. Segmental Information (cont'd)

(ii) Business Segment

<u>3 months ended</u> <u>31 March 19</u>	Mobile Solutions and Trading RM'000	Cloud Service Solutions RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	8,271	1,487	(490)	9,268
Segment results	685	(1,442)	(242)	(1,000)
Interest income/(expense)	(9)	-	218	209
Profit/(loss) before taxation	676	(1,442)	(24)	(790)
Segment assets	105,020	16,179	(65,392)	55,806
Segment liabilities	64,601	19,921	(70,214)	14,308

<u>3 months ended</u> <u>31 March 18</u>	Mobile Solutions and Trading RM'000	Cloud Service Solutions RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	7,264	539	(405)	7,398
Segment results	(444)	(2,167)	(312)	(2,923)
Interest income/(expense)	(9)	-	148	139
Profit/(loss) before taxation	(453)	(2,167)	(164)	(2,783)
Segment assets	104,044	18,565	(54,170)	68,439
Segment liabilities	37,809	36,971	(62,082)	12,698

9. Related parties transactions

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
Sales to a related party	-	1	-	1
Purchase from a related party	35	7	35	7
	<u>35</u>	<u>8</u>	<u>35</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 took place between 1st January 2019 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		
	31-Mar-19	31-Mar-18	Changes	31-Mar-19	31-Mar-18	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Mobile Solutions and Trading						
Revenue	8,271	7,264	14%	8,271	7,264	14%
Profit/(loss) before taxation	676	(453)	-249%	676	(453)	-249%
Cloud Service Solutions						
Revenue	1,487	539	176%	1,487	539	176%
Profit/(loss) before taxation	(1,442)	(2,167)	-33%	(1,442)	(2,167)	-33%
Adjustment						
Revenue	(490)	(405)	21%	(490)	(405)	21%
Profit/(loss) before taxation	(24)	(164)	-85%	(24)	(164)	-85%
Total						
Revenue	9,268	7,399	25%	9,268	7,399	25%
Profit/(loss) before taxation	(790)	(2,783)	-72%	(790)	(2,783)	-72%
Profit/(loss) after taxation	(1,270)	(4,178)	-70%	(1,270)	(4,178)	-70%
Profit/(loss) attributable to owners of the company	(1,663)	(4,320)	-62%	(1,663)	(4,320)	-62%

31 March 2019 vs. 31 March 2018

The Group registered revenue of RM9.3 million and loss before tax of RM0.79 million for the current quarter ended 31 March 2019 compared to revenue of RM7.4 million and profit before tax of RM2.8 million of the corresponding quarter of previous year. Higher revenue in current quarter was mainly due to increase demand for value added services and I3Display from various region. Hence, the Group registered lower loss before tax in current quarter. Additionally, the Group suffered from unrealised loss on foreign exchange translation amounting to RM 1.2 million in previous year quarter 31 March 2018, as compared to current quarter the unrealised loss on foreign exchange translation only RM 0.2 million.

Starting from this financial year end, the Group has changed the revenue segments from i) Mobile Solutions and ii) Trading & Distribution in previous financial year end, to i) Mobile Solutions and Trading, and ii) Cloud Service Solutions. The reason of changes was due to the approach of scaling-down the Group Trading segment, and move to focus on improving Cloud Service Solutions segment.

The Mobile Solutions and Trading segments recorded revenue of RM8.3 million for current quarter, representing increase of RM7.3 million or 14% compared to the corresponding quarter of previous year. The revenue increment was due to higher demand of value added service especially for Malaysia region as compared to the previous financial year end quarter.

The Cloud Service Solutions segment recorded an increase in revenue for the current quarter as compared to previous year quarter mainly due to higher sales volume of i3Display Panel and Cloud Service resulted from the Group effort to improve the Cloud Service Segment internally and externally. However, this segment still show negative result of loss before tax amounting to RM 1.4 million due to fixed expenses such as employment cost, in-house R&D cost and others.

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

Business Segment	Current quarter 3 months ended		
	31-Mar-19	31-Dec-18	Changes
	RM'000	RM'000	(%)
Mobile Solutions and Trading			
Revenue	8,271	8,157	1.36%
Profit/(loss) before taxation	676	(2,246)	-130%
Cloud Service Solutions			
Revenue	1,487	762	95%
Profit/(loss) before taxation	(1,442)	(1,700)	-15%
Adjustment			
Revenue	(490)	(30)	1533%
Profit/(loss) before taxation	(24)	1	-2500%
Total			
Revenue	9,268	8,888	4%
Profit/(loss) before taxation	(790)	(3,945)	-80%
Profit/(loss) after taxation	(1,270)	(6,290)	-80%
Profit/(loss) attributable to owners of the company	(1,663)	(6,016)	-72%

31 March 2019 vs. 31 December 2018

The Group registered revenue of RM 9.3 million and loss before tax of RM0.79 million for the current quarter ended 31 December 2018 as compared to revenue of RM8.9 million and loss before tax of RM3.9 million in the previous quarter ended 31 December 2018. The higher revenue was mainly due to higher sales volume of i3Display Panel and Cloud Service. Furthermore, lower loss after tax was due to accounting adjustment in previous year ended mainly from Allowance for impairment losses on receivables amounting to RM 2.2 million.

The Mobile Solutions and Trading segments recorded revenue of RM8.3 million for current quarter, representing an increase of RM0.11 million or 1.4% compared to previous quarter ended 31 December 2018 due to slightly higher demand of value added service especially for Malaysia region.

The Cloud Service Solutions segment registered revenue of RM 1.5 million representing an increase of RM 0.74 million as compared to previous quarter revenue due to higher sales volume of i3Display Panel and Cloud Service resulted from the Group effort to improve the Cloud Service Segment. The increment of revenue resulted to lower loss before tax of Cloud Service Solutions segment amounting to RM 1.4 million as compared to previous quarter loss before tax amounting to RM 1.7 million.

12. Commentary on Prospects

This quarter has begun to show the fruits of our labor as we have managed to marginally increase our revenue, and subsequently reducing our losses. This has happened in spite of the beginning of the Sino-US trade war, which has caused many businesses to take a more cautious view of the near future. Thankfully, we maintain a portfolio of good quality and affordable products, a formula that normally proves sustainable in the long term.

With the new sales structures in place, the Group has managed to maintain focus on its revenue, as shown by the results. However, small pockets of resistance remain, particularly with the Group's overseas operations. As such, we have begun to ease up on our efforts in the operations displaying continued growth, whilst re-deploying resources and re-directing efforts to non-performing operations.

In the meantime, we continue to stay in touch with all collections and reducing our debtor again even more, so that cash flow can be optimized and put to more efficient use. Finally, we wish to highlight our Cloud Service solutions, whose revenue has increased by RM0.76 million to RM1.5 million. Overall, the Group remains optimistic that its financial performance will continue to improve in future, particularly if the positive momentum remains, and also with the continued diligence of the Group.

Malaysia & South East Asia

Trade war woes have begun to have a minor impact upon our sales. Smaller businesses are beginning to show concern for the overall market outlook, and are looking to cut costs. We however are in a position to capitalize on this with our range of products that have been designed to assist these businesses in reducing their costs

The team continues to service their previously signed major contracts, such as Malaysia Airport Holdings Berhad (“MAHB”), Avenue K Shopping Mall, and Desa Park City. A new addition has been Taiwanese fast-food chain KLG, and negotiations are ongoing with shopping malls and event organizers, amongst others.

As of our last report, new plug-ins have been developed that will add functionality to our i3Display digital signage solutions. These include:

- a. Proximity Sensor – “Wakes up” a display when a user approaches.
- b. Active Product Showcase – Pick a product from a static display, and when placed near a display, relevant product information appears.
- c. Queue Management System – Allows users to take a queue number, and input their mobile phone number so they are alerted when it is their turn.

Along with the Self-Ordering Kiosk System (SOS), all the above plugins will work with all other existing plugins. All versions of our i3Display software will continue to be showcased, such as the Lite and 4K versions. New hardware such as thinner display panels or with customized housings are also being marketed.

Hong Kong & China

As reported last quarter, we have made an effort to personally visit digital signage factories in Southern China, and have re-established many relationships with previous customers and suppliers.

The working relationships are gaining pace as we receive requests for marketing materials on a regular basis, along with sales support. Not only are these factories working on reselling our software, but they are also introducing clients and leads on a mutually beneficial basis.

Previous concerns with regard to support and training have since been rectified and are running smoothly with a dedicated team of re-purposed staff. Sales team training is also on going, and we have sales persons dedicated to growing international business out of Hong Kong & China.

Pakistan & Middle East

This region remains stable, and continues to be a major contributor to M3 Group's results. The current team continues to not only maintain lucrative existing clientele, but also have developed new clientele. Alternative but related business models and technologies are being worked on, such as payment gateways, and they are in the initial stages of marketing our i3Displays. Plans to take the operation public are still being worked on, which have been hindered by a poor investor sentiment across the board in Pakistan. Therefore, we will continue to make a push into the surrounding regions, and possibly Europe and the UK too.

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 3 months ended	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	RM'000	RM'000	RM'000	RM'000
In respect of current period:-				
- Malaysian tax	-	-	-	-
- Foreign tax	480	1,395	480	1,395
	<u>480</u>	<u>1,395</u>	<u>480</u>	<u>1,395</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 31 March 2019 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	3,147	4,853	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	17,654	-	Within 36 months
Estimated expenses for the proposals	299	299	-	Within 24 months
Total	38,953	31,164	7,789	

16. Group Borrowings and Debt Securities

The Group borrowings as at 31 March 2019 and 31 December 2018 are as follows:

	31-Mar-19 RM'000	31-Dec-18 RM'000
Current		
<u>Secured</u>		
- Term loan	66	64
- Obligations under finance leases	53	52
	<hr/> 119	<hr/> 116
Non-current		
<u>Secured</u>		
- Term loan	223	241
- Obligations under finance leases	258	279
	<hr/> 481	<hr/> 521
Total Group borrowings	<hr/> <hr/> 600	<hr/> <hr/> 637

The Group did not have any debt securities as at 31 March 2019.

17. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings as at 31 March 2019 and 31 December 2018 are analysed as follows:

	31-Mar-19 RM'000	31-Dec-18 RM'000
The accumulated losses of the Group		
- Realised	(37,458)	(35,795)
- Unrealised	(56)	(56)
Total Group accumulated losses as per unaudited consolidated financial statement	<hr/> <hr/> (37,514)	<hr/> <hr/> (35,851)

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	
	3 months ended	3 months ended	3 months ended	3 months ended
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Profit/(Loss) after tax and non-controlling interests (RM'000)	(1,270)	(4,178)	(1,270)	(4,178)
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	(0.28)	(0.74)	(0.28)	(0.74)

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 31 December 2018 was not qualified.

By order of the Board of Directors

Lim Seng Boon
 Director
 29 May 2019