

**M3 TECHNOLOGIES (ASIA) BERHAD 199901007872(482772-D)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME**  
**For the Twelve(12) months ended 31 December 2020**

	Current quarter 3 months ended		Cumulative quarter 12 months ended	
	31-Dec-20 Unaudited RM'000	31-Dec-19 Unaudited RM'000	31-Dec-20 Unaudited RM'000	31-Dec-19 Unaudited RM'000
<b>Revenue</b>	12,601	10,091	44,842	37,876
Operating Expenses	(13,531)	(13,591)	(47,156)	(45,287)
<b>Profit/(Loss) from Operations</b>	<u>(930)</u>	<u>(3,500)</u>	<u>(2,314)</u>	<u>(7,411)</u>
Net interest income/(expense)	14	91	438	883
<b>Profit/(Loss) before taxation</b>	<u>(916)</u>	<u>(3,409)</u>	<u>(1,876)</u>	<u>(6,528)</u>
Income tax expense	(560)	(189)	(2,029)	(2,003)
<b>Net Profit/(Loss) for the period</b>	<u><u>(1,476)</u></u>	<u><u>(3,598)</u></u>	<u><u>(3,905)</u></u>	<u><u>(8,531)</u></u>
<b>Other comprehensive income/(loss), net of tax</b>				
Foreign currency translation differences	500	(17,401)	(946)	(20,055)
Other comprehensive (loss)/income for the period, net of tax	<u>500</u>	<u>(17,401)</u>	<u>(946)</u>	<u>(20,055)</u>
<b>Total comprehensive income/(loss) for the period</b>	<u><u>(976)</u></u>	<u><u>(20,999)</u></u>	<u><u>(4,851)</u></u>	<u><u>(28,586)</u></u>
<b>Attributable to:</b>				
Equity holders of the Company	(2,117)	(4,139)	(5,706)	(10,108)
Non-controlling interests	641	541	1,801	1,577
	<u>(1,476)</u>	<u>(3,598)</u>	<u>(3,905)</u>	<u>(8,531)</u>
<b>Total comprehensive income/(loss) attributable to:</b>				
Equity holders of the Company	(1,556)	(21,404)	(6,234)	(28,941)
Non-controlling interests	580	405	1,383	355
	<u>(976)</u>	<u>(20,999)</u>	<u>(4,851)</u>	<u>(28,586)</u>
<b>Earnings/(loss) per share</b>				
Basic / Diluted (sen)	(0.32)	(0.69)	(0.88)	(1.72)

(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 2019 and the accompanying explanatory notes attached to these interim financial statements)

**M3 TECHNOLOGIES (ASIA) BERHAD 199901007872(482772-D)**  
(Incorporated in Malaysia)

**NOTES TO CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS**  
**For the Twelve(12) months ended 31 December 2020**

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31-Dec-20 Unaudited RM'000	31-Dec-19 Unaudited RM'000	31-Dec-20 Unaudited RM'000	31-Dec-19 Unaudited RM'000
Profit before taxation				
Included in the Profit before tax are the following items:				
Allowance for impairment of receivables	99	1,772	99	1,772
Allowance for impairment of joint venture	-	-	-	-
Amortisation of product development expenditure	822	399	1,451	1,548
Bad debts recovered	-	-	-	(78)
Bad debts written off	-	-	-	-
Depreciation of right of use assets	-	686	-	686
Depreciation of plant and equipment	584	359	1,968	1,318
Impairment loss on investment in associate	-	-	-	-
Accounting standard MFRS16	-	(149)	-	(149)
(Gain)/loss on disposal of plant and equipment	-	(65)	-	(238)
<u>(Gain)/loss on foreign exchange translation</u>				
- Realised	(2)	(1)	(25)	14
- Unrealised	526	249	164	380
Impairment loss on goodwill	-	-	-	-
Impairment loss on investment in a jointly controlled entity	-	-	-	-
<u>Interest expense/(income)</u>				
- Interest expense	87	137	148	161
- Interest income	(100)	(228)	(585)	(1,044)
Inventories written down	252	584	252	584
Prior year adjustment	-	(1,363)	-	(1,363)
Property, plant and equipment written off	-	-	-	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 2019 and the accompanying explanatory notes attached to these interim financial statements)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
As at 31 December 2020

	31-Dec-20 Unaudited RM'000	31-Dec-19 Audited RM'000
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	5,009	4,586
Right of use assets	902	1,856
Intangible Asset	2,188	2,992
Other investment	2,009	2,009
Trade and other receivables	149	34
Deferred tax assets	82	87
	<u>10,339</u>	<u>11,564</u>
<b>Current Assets</b>		
Other investment	-	3,960
Inventories	1,053	1,430
Trade and other receivables	24,940	19,997
Amount due from related company	-	-
Amount due from jointly controlled entity	-	-
Tax refundable	2,266	13
Cash and bank balances	11,843	12,897
	<u>40,102</u>	<u>38,297</u>
Asset classified as held for sale	-	-
<b>TOTAL ASSETS</b>	<u>50,441</u>	<u>49,861</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	69,830	65,049
Share premium	-	-
Treasury shares	(566)	(566)
Warrant reserve	-	-
Accumulated losses	(43,306)	(37,600)
Foreign currency translation reserve	(4,161)	(3,633)
	<u>21,797</u>	<u>23,250</u>
<b>Non-controlling interests</b>	<u>7,341</u>	<u>7,659</u>
<b>Total equity</b>	<u>29,138</u>	<u>30,909</u>
<b>Current Liabilities</b>		
Trade and other payables	18,681	15,131
Lease liabilities	316	816
Loans and borrowings	132	132
Amount due to a director	880	880
Tax payable	-	404
	<u>20,009</u>	<u>17,363</u>
<b>Non-current Liabilities</b>		
Loans and borrowings	314	420
Deferred tax liabilities	56	58
Provision for gratuity	8	8
Lease liabilities	916	1,103
	<u>1,294</u>	<u>1,589</u>
<b>Total liabilities</b>	<u>21,303</u>	<u>18,952</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>50,441</u>	<u>49,861</u>
Net assets per share attributable to ordinary equity holders of the parent (sen)	3.39	5.54

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements)

**M3 TECHNOLOGIES (ASIA) BERHAD 199901007872(482772-D)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**For the Twelve(12) months ended 31 December 2020**

	(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>Twelve(12) months ended 31 December 2020</b>									
Balance at 1 January 2020	65,049	-	(566)	-	(3,633)	(37,600)	23,250	7,659	30,909
Issuance of shares	4,781	-	-	-	-	-	4,781	-	4,781
Total comprehensive income/(loss) for the period	-	-	-	-	(528)	(5,706)	(6,234)	1,383	(4,851)
<b>Transactions with owners</b>									
Dividend paid	-	-	-	-	-	-	-	(1,701)	(1,701)
Balance at 31 December 2020	69,830	-	(566)	-	(4,161)	(43,306)	21,797	7,341	29,138
<b>Twelve (12) months ended 31 December 2019</b>									
Balance at 1 January 2019	62,946	-	(566)	9,816	(2,174)	(35,795)	34,227	8,940	43,167
Prior year adjustment	-	-	-	-	-	(1,512)	(1,512)	-	(1,512)
Issuance of shares	2,103	-	-	(9,816)	-	9,816	2,103	-	2,103
Total comprehensive income/(loss) for the period	-	-	-	-	(1,459)	(10,109)	(11,568)	355	(11,213)
<b>Transactions with owners</b>									
Dividend paid	-	-	-	-	-	-	-	(1,636)	(1,636)
Balance at 31 December 2019	65,049	-	(566)	-	(3,633)	(37,600)	23,250	7,659	30,909

**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 2019 and the accompanying explanatory notes attached to these interim financial statements)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**For the Twelve(12) months ended 31 December 2020**

	12 months ended	
	31-Dec-20 Unaudited RM'000	31-Dec-19 Audited RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	(1,876)	(6,528)
Adjustment for :		-
Allowance for impairment of receivables	99	1,772
Allowance for impairment of amount owing from joint venture	-	-
Amortisation of product development expenditure	1,451	1,548
Bad debts recovered	-	(78)
Bad debts written off	-	-
Depreciation of plant and equipment	1,968	1,318
Depreciation of right of use assets	-	686
(Gain)/loss on disposal of plant and equipment	-	(238)
(Gain)/loss on foreign exchange translation - Realised	(25)	14
(Gain)/loss on foreign exchange translation - Unrealised	164	380
Impairment loss on investment in associate	-	-
Accounting standard MFRS16	-	(149)
Interest expense	148	161
Interest income	(585)	(1,044)
Inventories write-down	252	584
Prior year adjustment	-	(1,363)
Plant and equipment written off	-	24
Provision for gratuity	-	-
Share of results in an associate	-	-
Share of results in a jointly controlled entity	-	-
Operating profit before working capital changes	<u>1,596</u>	<u>(2,913)</u>
Changes in working capital :		
Increase/(Decrease) in inventories	125	230
Increase/(Decrease) in trade and other receivables	(5,296)	2,342
Decrease in amount due from an joint venture	-	-
(Decrease)/Increase in trade and other payables	3,550	3,137
Increase/(Decrease) in right of use assets	954	(2,542)
(Decrease)/Increase in lease liabilities	(687)	1,919
(Decrease)/Increase in amount due to a Director	-	880
Cash flows (used in)/generated from operating activities	<u>242</u>	<u>3,053</u>
Interest expense	-	-
Tax paid	(4,683)	(1,645)
<b>Net cash (used in)/generated from operating activities</b>	<u>(4,441)</u>	<u>1,408</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of an associate	-	-
(Addition) / Return of other investment	3,960	480
Interest received	585	1,044
Purchase of plant and equipment	(2,391)	(226)
Proceed from disposal of plant and equipment	-	-
Product development expenditure	(647)	(1,043)
Repayment of advance to jointly controlled entity	-	-
Proceed from disposal of investment in an associate	-	-
<b>Net cash used in investing activities</b>	<u>1,507</u>	<u>255</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest expense	(148)	(161)
Dividend paid by subsidiaries to non-controlling interests	(1,701)	(1,636)
Proceed from issued share capital	-	-
Bank borrowings and term loan	-	-
Issuance of new shares	4,781	2,103
Repayment of loans and borrowings	(106)	(86)
<b>Net cash generated from/(used in) financing activities</b>	<u>2,826</u>	<u>220</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(108)	1,883
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>	(946)	(2,682)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<u>12,897</u>	<u>13,696</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<u>11,843</u>	<u>12,897</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 2019 and the accompanying explanatory notes attached to these interim financial statements)

**M3 TECHNOLOGIES (ASIA) BERHAD 199901007872(482772-D)**  
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**Part A - Explanatory Notes Pursuant to MFRS 134**

**1. Corporate Information**

M3 Technologies (Asia) Berhad is a public limited liability company incorporated and domiciled in Malaysia and is listed on Bursa Malaysia Securities Berhad.

**2. 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 2019. 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 2019.

**3. Significant Accounting Policies**

The significant accounting policies and methods of computation applied in the unaudited condensed consolidated interim financial statements are consistent with those adopted and as disclosed in the audited financial statements of the Group for the financial year ended 31 December 2019.

The Group has adopted the new and revised MFRSs, amendments to published standards and IC Interpretation that became mandatory effective for annual period beginning on or after 1 January 2018 where applicable to the Group. The adoption of these new and revised MFRSs, amendments to published standard and IC Interpretation does not result in significant changes in the accounting policies of the Group.

#### **4. Seasonal or Cyclical Factors**

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

#### **5. 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.

#### **6. 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.

#### **7. Debt and Equity Securities**

On 28 October 2020, the company announced that it intends to undertake a private placement of up to twenty percent (20%) of the total number of issued shares of M3TECH to third party investor(s) (“Proposed Private Placement”). The application for the listing of and quotation for up to 128,543,000 Placement Shares was approved by Bursa Malaysia Securities Berhad (Bursa Securities) on 12 November 2020, subject to certain terms and conditions.

On 3 December 2020, the Company allotted 70,000,000 Placement Shares at an issue price of RM0.0683 per share, which raised total proceeds of RM4,781,000. These shares were listed and quoted on the Main Market of Bursa Securities on 4 December 2020.

On 17 January 2021, the Company allotted 58,543,000 Placement Shares at an issue price of RM0.0489 per share, which raised total proceeds of RM2,862,752.70. These second and last tranche of Placement Shares for the private placement were listed and quoted on the Main Market of Bursa Securities on 18 January 2021.

Saved as disclosed above, 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.

#### **8. Dividend Paid**

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

## 9. Segmental Information

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

### (i) Geographical Segment

<b><u>12 months ended</u></b> <b><u>31 December 20</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	16,246	23	28,696	3,790	(3,913)	44,842
Segment results	(2,116)	(778)	6,759	(2,986)	(3,193)	(2,314)
Interest (expense)/income	(92)	-	(36)	(19)	585	438
Profit/(loss) before taxation	(2,208)	(778)	6,723	(3,005)	(2,608)	(1,876)
Segment assets	49,844	7,167	30,461	19,554	(56,585)	50,441
Segment liabilities	34,731	5,214	8,935	49,393	(76,973)	21,301

<b><u>12 months ended</u></b> <b><u>31 December 19</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	16,881	225	23,690	1,581	(4,501)	37,876
Segment results	(2,641)	(1,523)	6,246	(6,201)	(3,292)	(7,411)
Interest (expense)/income	(31)	-	-	-	914	883
Profit/(loss) before taxation	(2,672)	(1,523)	6,246	(6,201)	(2,378)	(6,528)
Segment assets	51,759	7,440	31,076	29,313	(69,727)	49,861
Segment liabilities	35,603	4,653	6,425	45,157	(72,886)	18,952



## 8. Segmental Information (cont'd)

### (ii) Business Segment

<b><u>12 months ended</u></b> <b><u>31 December 20</u></b>	<b>Mobile Solutions and Trading RM'000</b>	<b>Cloud Service Solutions RM'000</b>	<b>Eliminations/ Adjustments RM'000</b>	<b>Group RM'000</b>
Revenue	46,011	2,744	(3,913)	44,842
Segment results	4,355	(3,476)	(3,193)	(2,314)
Interest income/(expense)	(136)	(11)	585	438
Profit/(loss) before taxation	4,219	(3,487)	(2,608)	(1,876)
Segment assets	95,371	11,655	(56,585)	50,441
Segment liabilities	75,325	22,949	(76,973)	21,301

<b><u>12 months ended</u></b> <b><u>31 December 19</u></b>	<b>Mobile Solutions and Trading RM'000</b>	<b>Cloud Service Solutions RM'000</b>	<b>Eliminations/ Adjustments RM'000</b>	<b>Group RM'000</b>
Revenue	38,548	3,829	(4,501)	37,876
Segment results	2,599	(6,718)	(3,292)	(7,411)
Interest income/(expense)	(31)	-	914	883
Profit/(loss) before taxation	2,568	(6,718)	(2,378)	(6,528)
Segment assets	105,313	14,275	(69,727)	49,861
Segment liabilities	69,186	22,652	(72,886)	18,952

## 10. Related parties transactions

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Sales to a related party	2	-	67	35
Purchase from a related party	45	31	188	137
	<u>47</u>	<u>31</u>	<u>255</u>	<u>172</u>

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

## 11. Subsequent Events

There was no material event took place between 1<sup>st</sup> January 2020 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**

**12. 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		
	31-Dec-20	31-Dec-19	Changes	31-Dec-20	31-Dec-19	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
<b>Mobile Solutions and Trading</b>						
Revenue	11,949	10,189	17%	46,011	38,548	19%
Profit/(loss) before taxation	(281)	(1,550)	-82	4,219	2,568	64%
<b>Cloud Service Solutions</b>						
Revenue	1,065	292	265%	2,744	3,829	-28%
Profit/(loss) before taxation	(522)	(1,928)	-73%	(3,487)	(6,718)	-48%
<b>Adjustment</b>						
Revenue	(413)	(390)	6%	(3,913)	(4,501)	-13%
Profit/(loss) before taxation	(112)	69	N/A	(2,607)	(2,378)	10%
<b>Total</b>						
Revenue	12,601	10,091	25%	44,842	37,876	18%
Profit/(loss) before taxation	(916)	(3,409)	-73%	(1,876)	(6,528)	-71%
Profit/(loss) after taxation	(1,476)	(3,598)	-59%	(3,905)	(8,531)	-54%
Profit/(loss) attributable to owners of the company	(2,117)	(4,139)	-49%	(5,706)	(10,108)	-44%

Review of result for the quarter

For the quarter ended 31 December 2020 (4Q20), the Group's Mobile Solutions and trading segment Registered a revenue of RM11.9 million as compared to RM10.2 million recorded in the corresponding quarter 2019 (Q419). The 17% increase for the Mobile Solutions' segment was mainly due to the increase demand from banking customers in Pakistan and United Arab Emirates. The sales of Cloud Services Solutions recorded a revenue of RM1.0 million as compared to the corresponding quarter of 2019 of RM0.3 million. The increase was mainly due to higher demand from our clients in food & beverage and consumer industries as our devices were added with various functions beside for displaying content as well as temperature checking and contact tracing.

For the current quarter ended 31 December 2020 (4Q20), the Group's Mobile Solutions and trading segment recorded a LBT of RM0.3 million as compared to a LBT of RM1.5 million in the corresponding quarter of 2019 (4Q19). While the Cloud Solutions segment recorded a LBT of RM0.5 million in the current quarter and a LBT of RM1.9 million in 4Q19.

The LBT for the current quarter for Mobile Solutions is mainly due to the provision of impairment loss on receivables and inventories written-down amounted to RM0.35 million. In Cloud solution the LBT was decreased by 73% as compared to 4Q19 mainly due to higher sales.

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

Business Segment	Current quarter 3 months ended		
	31-Dec-20	30-Sept-20	Changes
	RM'000	RM'000	(%)
<b>Mobile Solutions and Trading</b>			
Revenue	11,949	11,610	3%
Profit/(loss) before taxation	(281)	(251)	12
<b>Cloud Service Solutions</b>			
Revenue	1,065	574	86%
Profit/(loss) before taxation	(522)	(678)	-23%
<b>Adjustment</b>			
Revenue	(413)	(246)	68%
Profit/(loss) before taxation	(112)	(103)	9%
<b>Total</b>			
Revenue	12,601	11,938	6%
Profit/(loss) before taxation	(916)	(1,032)	-11%
Profit/(loss) after taxation	(1,476)	(1,419)	4%
Profit/(loss) attributable to owners of the company	(2,117)	(1,753)	21%

Review of result of 4Q 2020 vs 3Q 2020

Revenue for 4QFY20 improved by 6% against 3QFY20, contributed by higher revenue in Cloud Solutions as a results of higher demand for body temperature sensing devices and i3Teamwork platform.

The Group reported a loss before tax of RM0.9 million as compared to a loss before tax of RM1.0 million in preceding quarter. The LBT was mainly due to higher direct costs and the provision of impairment loss on receivables and inventories written-down amounted to RM0.35 million.

### 13. Commentary on Prospects

The COVID-19 pandemic and the resulting imposition of Movement Control Orders (and their various different adaptations) have led to an unexpected surge in online services, banking in particular. This has resulted in an increase in the volume of SMS traffic provided by our Mobile Solutions Services arm, contributing to a 17% increase in revenue over the previous quarter, and a 19% increase over the similar period in 2019.

The launch of our new messaging portal allows direct connection to all of the most popular Instant Messaging apps such as WhatsApp, WeChat, Telegram, etc. This emancipates us from the restrictions of SMS, and opens up a significantly larger user base, that will also benefit from richer message content.

The government has gradually and progressively eased the restriction and businesses are allowed to operate under strict Standard Operating Procedures (“SOP”) and this has provided a temporary uplift of our economy. Our Cloud Solutions segment has seen a significant increase in revenue in last quarter, as our customers have primarily been in the Retail, Food & Beverage, and Hospitality industries. However, we have swiftly shifted the focus of our i3Display devices from push advertising to temperature checking and contact tracing, two highly sought-after services in this new paradigm.

Whilst our Group has laid down and embarked on a series of future plans, with the current uncertainty in the global and local economy due to the Covid-19 virus outbreak, the performance of the Group for the new financial year ending 2021 will remain challenging.

### 13. Profit Forecast and Profit Guarantee

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

### 14. Taxation

	Current Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
In respect of current period:-				
- Malaysian tax	-	-	-	-
- Foreign tax	560	189	2,029	2,003
	<u>560</u>	<u>189</u>	<u>2,029</u>	<u>2,003</u>

Foreign income tax is calculated at the statutory tax rate of 29% of the estimated assessable profit for the current and the statutory tax rate of 30% of the actual profit for previous corresponding periods for subsidiary company in Pakistan.

## 15. Group Borrowings and Debt Securities

The Group borrowings as at 31 December 2020 and 31 December 2019 are as follows:

	<b>31-Dec-20</b> <b>RM'000</b>	<b>31-Dec-19</b> <b>RM'000</b>
<b>Current</b>		
<u>Secured</u>		
- Term loan	65	67
- Obligations under finance leases	67	65
	<u>132</u>	<u>132</u>
<b>Non-current</b>		
<u>Secured</u>		
- Term loan	99	168
- Obligations under finance leases	215	252
	<u>314</u>	<u>420</u>
Total Group borrowings	<u>446</u>	<u>552</u>

The Group did not have any debt securities as at 31 December 2020.

## 16. Realised and Unrealised Earnings or Losses Disclosure

The retained earnings as at 31 December 2020 and 31 December 2019 are analysed as follows:

	<b>31-Dec-20</b> <b>RM'000</b>	<b>31-Dec-19</b> <b>RM'000</b>
The accumulated losses of the Group		
- Realised	(43,306)	(37,600)
- Unrealised	(56)	(58)
Total Group accumulated losses as per unaudited consolidated financial statement	<u>(43,362)</u>	<u>(37,658)</u>

## 17. 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.

## 18. 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</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>	<b>3 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31-Dec-20</b>	<b>31-Dec-19</b>	<b>31-Dec-20</b>	<b>31-Dec-19</b>
Profit/(Loss) after tax and non-controlling interests (RM'000)	(2,117)	(4,139)	(5,706)	(10,108)
Weighted average number of ordinary shares in issue	666,050,953	603,765,087	642,717,620	589,157,887
<u>Profit/(Loss) Per Share</u>				
Basic Earnings/(Diluted) Sen	(0.32)	(0.69)	(0.88)	(1.72)

## 19. Derivatives

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

## 20. 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.

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

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not qualified.

By order of the Board of Directors

Chew Shin Yong, Mark  
Executive Chairman  
24 February 2021