

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Fifteen (15) months ended 31 March 2021

	Current Quarter		Cumulative quarter	
	3 months ended		15 months ended	
	31-3-21	31-3-20	31-3-21	31-3-20
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	13,776	9,794	58,618	47,670
Operating expenses	(14,548)	(10,148)	(61,704)	(55,435)
Loss from Operations	(772)	(354)	(3,086)	(7,765)
Net interest income	101	166	539	1,049
Loss before taxation	(671)	(188)	(2,547)	(6,716)
Income tax expense	(566)	(617)	(2,595)	(2,620)
Net Loss for the period	(1,237)	(805)	(5,142)	(9,336)
Other comprehensive income/				
(loss), net of tax				
Foreign currency translation differences	1,021	(1,224)	75	(21,279)
Total comprehensive loss				
for the period	(216)	(2,029)	(5,067)	(30,615)
Attributable to:				
Equity holders of the Company	(1,919)	(1,071)	(7,625)	(11,179)
Non-controlling interests	682	266	2,483	1,843
	(1,237)	(805)	(5,142)	(9,336)
Total comprehensive income/(loss)				
attributable to:				
Equity holders of the Company	(1,629)	(2,270)	(7,863)	(31,211)
Non-controlling interests	1,413	241	2,796	596
	(216)	(2,029)	(5,067)	(30,615)
Loss per share				
Basic / Diluted (sen)	(0.28)	(0.17)	(1.13)	(1.86)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Fifteen (15) months ended 31 March 2021

	Current Quarter		Cumulative quarter	
	3 months ended		15 months ended	
	31-3-21	31-3-20	31-3-21	31-3-20
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Included in the Profit before tax are the following items:				
Allowance for impairment of receivables	-	-	100	1,772
Allowance for impairment of amount due from joint venture	-	-	-	-
Amortisation of product development expenditure	261	243	1,712	642
Bad debts recovered	-	-	-	-
Bad debts written off	-	-	-	-
Depreciation of right of use assets	-	-	-	686
Depreciation of plant and equipment	475	390	2,443	749
Impairment loss on investment in associate	-	-	-	-
Accounting standard MFRS 16	-	-	-	(149)
(Gain)/loss on disposal of plant and equipment	-	-	-	(65)
(Gain)/loss on foreign exchange translation				
- Realised	14	2	(12)	1
- Unrealised	(802)	(981)	(638)	(732)
Impairment loss on intangible assets	(1,000)	-	(1,000)	-
Impairment loss on goodwill	-	-	-	-
Interest expense/(income)				
- Interest expense	42	19	190	156
- Interest income	(130)	(185)	(715)	(413)
Inventories written down	-	-	252	584
Prior year adjustment	-	-	-	(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 Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2021

	31-3-21 Unaudited RM'000	31-12-19 Audited RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	4,693	4,586
Right of use assets	1,500	1,856
Intangible assets	1,136	2,992
Other investment	2,009	2,009
Trade and other receivables	148	34
Deferred tax assets	149	87
	<u>9,635</u>	<u>11,564</u>
CURRENT ASSETS		
Other investment	-	3,960
Inventories	797	1,430
Trade and other receivables	25,329	19,997
Tax refundable	2,925	13
Cash and bank balances	14,609	12,897
	<u>43,660</u>	<u>38,297</u>
TOTAL ASSETS	<u><u>53,295</u></u>	<u><u>49,861</u></u>
EQUITIES AND LIABILITIES		
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		
Share capital	72,693	65,049
Treasury shares	(566)	(566)
Accumulated losses	(45,225)	(37,600)
Foreign currency translation reserve	(3,871)	(3,633)
	<u>23,031</u>	<u>23,250</u>
Non-controlling Interest	8,754	7,659
TOTAL EQUITY	<u>31,785</u>	<u>30,909</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	74	420
Deferred tax liabilities	56	58
Provision for gratuity	9	8
Lease liabilities	991	1,103
	<u>1,130</u>	<u>1,589</u>
CURRENT LIABILITIES		
Trade and other payables	19,471	15,131
Lease liabilities	836	816
Loans and borrowings	73	132
Amount due to a director	-	880
Tax payable	-	404
	<u>20,380</u>	<u>17,363</u>
TOTAL LIABILITIES	21,510	18,952
TOTAL EQUITIES AND LIABILITIES	<u><u>53,295</u></u>	<u><u>49,861</u></u>
Net Assets per share attributable to owners of the Company (sen)	2.98	3.60

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Fifteen (15) months ended 31 March 2021

	← ATTRIBUTABLE TO OWNER OF THE PARENT →							
	SHARE CAPITAL RM'000	TREASURY SHARES RM'000	WARRANT RESERVE RM'000	FOREIGN CURRENCY TRANSLATION RESERVE RM'000	ACCUMULATED LOSSES RM'000	TOTAL RM'000	NON- CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000
Fifteen (15) months ended 31 March 2021								
As at 1 January 2020	65,049	(566)	-	(3,633)	(37,600)	23,250	7,659	30,909
Issuance of shares	7,644	-	-	-	-	7,644	-	7,644
Total comprehensive loss for the financial period	-	-	-	(238)	(7,625)	(7,863)	2,796	(5,067)
Transaction with owners								
Dividend paid	-	-	-	-	-	-	(1,701)	(1,701)
As at 31 March 2021	<u>72,693</u>	<u>(566)</u>	<u>-</u>	<u>(3,871)</u>	<u>(45,225)</u>	<u>23,031</u>	<u>8,754</u>	<u>31,785</u>
Twelve (12) months ended 31 December 2019								
As 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	-	-	-	-	2,103	-	2,103
Total comprehensive loss for the financial period	-	-	-	(1,459)	(10,109)	(11,568)	355	(11,213)
Transaction with owners								
Allocation of warrant reserve	-	-	(9,816)	-	9,816	-	-	-
Dividend paid	-	-	-	-	-	-	(1,636)	(1,636)
As at 31 December 2019	<u>65,049</u>	<u>(566)</u>	<u>-</u>	<u>(3,633)</u>	<u>(37,600)</u>	<u>23,250</u>	<u>7,659</u>	<u>30,909</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Fifteen (15) months ended 31 March 2021

	15 months ended	
	31-3-21	31-12-19
	Unaudited	Audited
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(2,547)	(6,528)
Adjustment for:		
Allowance for impairment of receivables	100	1,772
Allowance for impairment of amount due from joint venture	-	-
Amortisation of product development expenditure	1,712	1,548
Bad debts recovered	-	(78)
Bad debts written off	-	-
Depreciation of right of use assets	-	686
Depreciation of plant and equipment	2,443	1,318
Accounting standard MFRS 16	-	(149)
Impairment loss intangible assets	1,000	-
(Gain)/loss on disposal of plant and equipment	-	(238)
(Gain)/loss on foreign exchange translation	(638)	394
Impairment loss on goodwill	-	-
Impairment loss on investment in a jointly controlled entity	-	-
Interest income	(525)	(883)
Inventories written down	252	584
Prior year adjustment	-	(1,363)
Property, plant and equipment written off	-	24
Operating profit/(loss) before working capital changes	1,797	(2,913)
(Increase) / Decrease in current assets	(567)	2,572
Increase / (Decrease) in current liabilities	3,461	3,394
Cash From/(Used in) Operations	4,691	3,053
Tax Paid	(3,380)	(1,645)
Interest received	715	1,044
Net Cash From/(Used in) Operations	2,026	2,452
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,194)	(226)
Acquisition of intangible assets	(856)	(1,043)
Investment on quoted shares	-	-
Proceeds from disposal of investment	-	480
Acquisition of subsidiary	-	-
Net Cash Used in Investing Activities	(3,050)	(789)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceed from issuance of shares	7,644	2,103
Dividend paid to non-controlling interest	(1,701)	(1,636)
Interest paid	(190)	(161)
Repayment of term loans	(405)	(86)
Repayment of lease liabilities	(92)	-
Net Cash From Financing Activities	5,256	220
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,232	1,883
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	12,897	13,696
EFFECT ON FOREIGN CURRENCY TRANSLATION	(2,520)	(2,682)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	14,609	12,897

The Condensed Consolidated Statement of Cash Flows Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

M3 TECHNOLOGIES (ASIA) BERHAD HOLDINGS BERHAD
(Registration No. 199901007872 (482772-D))
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR CURRENT QUARTER AND PERIOD ENDED 31 MARCH 2021

A. EXPLANATORY NOTES

A1 CORPORATE INFORMATION

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

A2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The condensed consolidated interim financial statements are unaudited and 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 ("Bursa Securities").

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for year ended 31 December 2019. The explanatory notes attached to the quarterly financial report provide an explanation on events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2019 except for the adoption of the following MFRSs and Amendments to MFRS:

<u>MFRS and IC Interpretations (Including the Consequential Amendments)</u>		<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendment to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform	1 January 2020
Amendment to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
Amendment to MFRS 16	Leases: Covid-19-Related Rent Concessions	1 June 2020

The adoption of the above pronouncements did not have material impact on the financial statements of the Group.

A2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

The following MFRS and Amendments to MFRS have been issued by MASB but are not yet effective to the Group:

<u>MFRS and IC Interpretations (Including the Consequential Amendments)</u>		<u>Effective for annual periods beginning on or after</u>
Amendment to MFRS 9 and MFRS 4	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Annual Improvements to MFRS 2018 – 2020 cycle	MFRS 1 Frist-time Adoption of MFRS MFRS 9 Financial Instrument MFRS 16 Leases MFRS 141 Agriculture #	1 January 2022
Amendment to MFRS 3	Business Combination	1 January 2022
Amendment to MFRS 116	Property, Plant and Equipment	1 January 2022
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts	1 January 2022
MFRS 17	Insurance Contracts #	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 10 and 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Not applicable to the Group's existing activities

A3 SEASONAL OR CYCLICAL FACTORS

The business operations of the Group are not subject to any seasonal or cyclical factors.

A4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during current quarter ended 31 March 2021.

A5 CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on current quarter ended 31 March 2021.

A6 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.

A6 DEBT AND EQUITY SECURITIES (CONTINUED)

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 RM4,781,000.00. These shares were listed and quoted on the Ace 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 Ace 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.

A7 DIVIDENDS PAID

No dividends were paid during current quarter ended 31 March 2021.

A8 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>31 March 2021</u>	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	19,518	23	37,277	6,070	(4,270)	58,618
Segment results	(41,686)	(569)	8,940	(3,056)	33,285	(3,086)
Interest (expense)/income	(118)	-	(66)	(6)	729	539
(Loss)/Profit before taxation	<u>(41,804)</u>	<u>(569)</u>	<u>8,874</u>	<u>(3,062)</u>	<u>34,014</u>	<u>(2,547)</u>
Segment assets	10,827	7,360	38,096	20,217	(23,205)	53,295
Segment liabilities	33,503	5,223	10,923	50,919	(79,058)	21,510

<u>15 months ended</u> <u>31 March 2020</u>	Malaysia RM'000	Thailand RM'000	Pakistan RM'000	Other Countries RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	22,549	239	30,000	2,265	(7,383)	47,670
Segment results	(1,576)	(1,238)	7,814	(6,920)	(5,845)	(7,765)
Interest (expense)/income	(37)	-	(11)	(2)	1,099	1,049
(Loss)/Profit before taxation	<u>(1,613)</u>	<u>(1,238)</u>	<u>7,803</u>	<u>(6,922)</u>	<u>(4,746)</u>	<u>(6,716)</u>
Segment assets	47,629	7,754	25,977	19,637	(54,732)	46,265
Segment liabilities	34,550	4,794	6,957	48,141	(75,357)	19,085

A8 SEGMENTAL INFORMATION (CONTINUED)

<u>15 months ended</u> <u>31 March 2021</u>	Mobile Solutions and Trading RM'000	Cloud Service Solutions RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	59,905	2,983	(4,270)	58,618
Segment results	(32,530)	(3,841)	33,285	(3,086)
Interest (expense)/income	(176)	(14)	729	539
Loss before taxation	<u>(32,706)</u>	<u>(3,855)</u>	<u>34,014</u>	<u>(2,547)</u>
Segment assets	64,752	11,748	(23,205)	53,295
Segment liabilities	76,915	23,653	(79,058)	21,510

<u>15 months ended</u> <u>31 March 2020</u>	Mobile Solutions and Trading RM'000	Cloud Service Solutions RM'000	Eliminations/ Adjustments RM'000	Group RM'000
Revenue	48,640	6,413	(7,383)	47,670
Segment results	5,506	(7,426)	(5,845)	(7,765)
Interest (expense)/income	(50)	-	1,099	1,049
Profit/(Loss) before taxation	<u>5,456</u>	<u>(7,426)</u>	<u>(4,746)</u>	<u>(6,716)</u>
Segment assets	88,238	12,759	(54,732)	46,265
Segment liabilities	72,698	21,744	(75,357)	19,085

A9 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no valuation undertaken for property, plant and equipment.

A10 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during current quarter ended 31 March 2021.

A11 CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for as at the date of this report.

A12 MATERIAL EVENTS SUBSEQUENT TO THE INTERIM REPORTING PERIOD

There were no material events subsequent to the reporting period up to 24 June 2021, being the latest practicable date, which is not earlier than 7 days from the date of issue of this quarterly report, that have not been reflected in the financial statements for the current quarter ended 31 March 2021, except as disclosed below:

- 1) On 15 June 2021, 231,378,186 share options were offered to eligible directors of M3 Technologies (Asia) Berhad at an exercise price of option of RM0.07 each.

A13 RELATED PARTY TRANSACTIONS

	Current quarter		Cumulative quarter	
	3 months ended		15 months ended	
	31-3-21	31-3-20	31-3-21	31-3-20
	RM'000	RM'000	RM'000	RM'000
Sales to a related party	58	9	125	44
Purchase from a related party	51	40	239	177
	<u>109</u>	<u>49</u>	<u>364</u>	<u>221</u>

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

B ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 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		
	31-3-21	31-3-20	Changes	31-3-21	31-3-20	Changes
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Mobile Solutions and Trading						
Revenue	13,895	10,092	38%	59,905	48,640	23%
(Loss)/Profit before taxation	(36,924)	2,888	-1379%	(32,706)	5,456	-699%
Cloud Service Solutions						
Revenue	238	2,584	-91%	2,983	6,413	-53%
(Loss)/Profit before taxation	(368)	(708)	-48%	(3,855)	(7,426)	-48%
Adjustments						
Revenue	(357)	(2,882)	-88%	(4,270)	(7,383)	-42%
Profit/(loss) before taxation	36,621	(2,368)	-1646%	34,014	(4,746)	-817%
Total						
Revenue	13,776	9,794	41%	58,618	47,670	23%
Loss before taxation	(671)	(188)	257%	(2,547)	(6,716)	-62%
Loss after taxation	(1,237)	(805)	54%	(5,142)	(9,336)	-45%
Loss attributable to owners of the Company	(1,919)	(1,071)	79%	(7,625)	(11,179)	-32%

Review of result for the quarter

For the quarter ended 31 March 2021, the Group's Mobile Solutions and trading segment registered a revenue of RM13.9 million as compared to RM10.1 million recorded in the corresponding quarter 2020. The 38% increase for the Mobile Solutions and trading 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 RM0.2 million as compared to the corresponding quarter of RM2.5 million. The decrease was mainly due the pandemic and our clients in food & beverage and consumer industries had made the abrupt shift to working from home.

B1 PERFORMANCE REVIEW (CONTINUED)

For the current quarter ended 31 March 2021, the Group's Mobile Solutions and trading segment recorded a LBT of RM36.0 million as compared to a PBT of RM2.9 million in the corresponding quarter of 2020. While the Cloud Solutions segment recorded a LBT of RM0.4 million in the current quarter and a LBT of RM0.7 million in the corresponding quarter of 2020.

The LBT for the current quarter for Mobile Solutions and trading segment is mainly due to the provision of impairment loss on amount due from inter-company and inventories written-down.

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

	Cumulative quarter 3 months ended		
	31-3-21 RM'000	31-12-20 RM'000	Changes (%)
Business segment			
Mobile Solutions and Trading			
Revenue	13,895	11,949	16%
Loss before taxation	(36,924)	(281)	13040%
Cloud Service Solutions			
Revenue	238	1,065	-78%
Profit/(loss) before taxation	(368)	(522)	-30%
Adjustments			
Revenue	(357)	(413)	-14%
Profit/(loss) before taxation	36,621	(112)	-32797%
Total			
Revenue	13,776	12,601	9%
Loss before taxation	(671)	(916)	-27%
Loss after taxation	(1,237)	(1,476)	-16%
Loss attributable to owners of the Company	(1,919)	(2,117)	-9%

B1 PERFORMANCE REVIEW (CONTINUED)

Review of result for current quarter compared with immediate preceding quarter

Revenue for the current quarter improved by 9% against the immediate preceding quarter. It was attributed by 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 RM2.0 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.

B2 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.

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 2022 will remain challenging.

B3 PROFIT FORECAST OR PROFIT GUARANTEE

There is no profit forecast and profit guarantee provided by the Company.

B4 TAXATION

Current quarter		Cumulative quarter	
3 months ended		15 months ended	
31-3-21	31-3-20	31-3-21	31-3-20
RM'000	RM'000	RM'000	RM'000

In respect of current period:

- Malaysian tax	-	-	-	-
- Foreign tax	566	617	2,595	2,620
	<u>566</u>	<u>617</u>	<u>2,595</u>	<u>2,620</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.

B5 GROUP BORROWINGS AND DEBT SECURITIES

The Group borrowings as at 31 March 2021 and 31 December 2019 are as follows:

	31-3-21	31-12-19
	RM'000	RM'000
Current		
<u>Secured</u>		
- Term Loan	73	67
- Finance lease liabilities	836	65
	<u>909</u>	<u>132</u>
Non-Current		
<u>Secured</u>		
- Term Loan	74	168
- Finance lease liabilities	991	252
	<u>1,065</u>	<u>420</u>
Total Group Borrowings	<u>1,974</u>	<u>552</u>

B6 STATUS OF UTILISATION OF PROCEEDS

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 RM4,781,000.00. These shares were listed and quoted on the Ace 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 Ace Market of Bursa Securities on 18 January 2021.

The proposed utilization of proceeds is purchase of raw materials and assembly of i3Display terminals, screen and related products, Software development in relation to i3Display solution and general system maintenance and protection and working capital. The expected timeframe for utilization from completion of the Private Placement is within 12 months.

B7 DIVIDEND PAYABLE

No dividend was declared or paid in current quarter and period to date ended 31 March 2021.

B8 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The basic earnings per share was calculated as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended		15 months ended	
	31-3-21	31-3-20	31-3-21	31-3-20
	RM'000	RM'000	RM'000	RM'000
Net loss attributable to owners of the parent (RM)	(1,919)	(1,071)	(7,625)	(11,179)
Weighted average number of ordinary shares	688,347	645,275	673,644	601,100
Basic loss per share (sen)	(0.28)	(0.17)	(1.13)	(1.86)

B9 CHANGES IN MATERIAL LITIGATION

KUALA LUMPUR HIGH COURT ORIGINATING SUMMONS NO. WA-24NCC-233-05/2021: LIM SENG BOON AND VOON SZE LIN ("COLLECTIVELY PLAINTIFFS") AGAINST CHEW SHIN YONG, MARK, NICHOLAS WONG YEW KHID, KENNETH VUN @ VUN YUN LIUN AND M3TECH ("COLLECTIVELY DEFENDANTS")

On 20 May 2021, the Board of Directors of M3Tech wishes to announce that the Company was served with an Originating Summons No. WA-24NCC-233-05/2021 in the High Court in Kuala Lumpur initiated by Plaintiffs. The Plaintiffs are seeking relief for, inter alia, to restrain the Company from undertaking Employees Share Option Scheme and other corporate exercise with bears the effect of diluting the shareholdings that the Plaintiffs allegedly had.

On 17 June 2021, the Plaintiffs (Lim Seng Boon and Voon Sze Lin) had served an application for injunction on Messrs Chong + Kheng Hoe, being the solicitors for the Company. Via the Injunction Application, the Plaintiffs sought for an order against the Company to restrain the Company from implementing the Employees Share Option Scheme ("Plaintiffs' Application For Injunction"). The Plaintiffs' Application For Injunction was heard today in the High Court of Kuala Lumpur, and the honourable Court had dismissed the Plaintiffs' Application For Injunction after hearing submission from the parties.

B10 DERIVATIVES

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

B11 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.

B12 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2019 was not subject to any qualification.

B13 AUTHORISATION FOR ISSUE

The interim financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 June 2021.

By order of the Board of Directors
Chew Shin Yong, Mark
Executive Chairman

30 June 2021