

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current Quarter Ended	*Preceding Period Corresponding Quarter Ended	(Unaudited) 9 months to date ended	(Unaudited) *Preceding corresponding 6 months Period Ended
	30 April 2017 RM'000	31 January 2017 RM'000	30 April 2017 RM'000	31 January 2017 RM'000
Revenue	801	428	1,815	1,014
Cost of Sales	(535)	(534)	(1,604)	(1,069)
Gross Profit/(Loss)	266	(106)	211	(55)
Other income /(loss)	-	2	10	10
Administrative expenses	(330)	(406)	(1,124)	(794)
Selling and distribution expenses	(2)	-	(2)	-
Other expenses	6	(3)	-	(6)
Operating Profit/(Loss)	(60)	(513)	(905)	(847)
Finance cost	-	-	-	-
Profit/(Loss) Before Taxation	(60)	(513)	(905)	(847)
Taxation	-	-	-	-
Net Profit/(Loss) After Taxation	(60)	(513)	(905)	(847)
Other comprehensive loss, net of tax				
- Foreign currency translation on foreign entity	-	-	-	-
Total comprehensive income/(loss)	(60)	(513)	(905)	(847)
Net Loss attributable to :				
- Owners of the Company	(60)	(513)	(905)	(847)
- Non-controlling interests	-	-	-	-
Net Profit/(Loss)	(60)	(513)	(905)	(847)
Total comprehensive income/(loss) attributable to :				
- Owners of the Company	(60)	(513)	(905)	(847)
- Non-controlling interests	-	-	-	-
Total comprehensive income/(loss)	(60)	(513)	(905)	(847)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 APRIL 2017 (CON'T)**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current Quarter Ended	Preceding Period Corresponding Quarter Ended	(Unaudited) 9 months to date ended	Preceding corresponding 6 months Period Ended
	30 April 2017	31 January 2017	30 April 2017	31 January 2017
Weighted average no. of ordinary shares in issue ('000)	52,161	34,676	52,161	34,676
Weighted average no. of ordinary shares in issue adjusted for the effect of dilutive potential ordinary shares('000)	52,161	34,676	52,161	34,676
Earnings/(loss) per ordinary share (sen):				
Basic earnings/(loss) per share (sen)	(0.11)	(1.47)	(1.73)	(2.43)
Diluted earnings/(loss) per share (sen)	(0.11)	(1.47)	(1.73)	(2.43)

Notes:

- (i) Basic earnings/(loss) per share for the quarter and financial period is calculated based on the net loss divided by the weighted average number of ordinary shares for the quarter and year-to-date respectively.
- (ii) Diluted earnings/(loss) per share for the quarter and financial period is calculated based on the net profit/(loss) divided by the weighted average number of ordinary shares after adjustment for the effects of all dilutive potential ordinary shares. No diluted earnings/(loss) per share is disclosed as all potential ordinary shares are anti-dilutive.
- (iii) The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial period ended ("FPE") 31 July 2016 and the accompanying notes attached to this interim financial report.
- (iv) The loss before taxation is arrived at after charging/ (crediting) the following items:-

	Current Quarter Ended	9 months to date ended
	30 April 2017 RM'000	30 April 2017 RM'000
(a) Depreciation and amortisation	548	1,151
(b) Gain/(loss) on disposal of properties, plant and equipment	-	(8)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2017**

	(Unaudited) As at 30 April 2017 RM'000	(Audited) As at 31 July 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	2,678	3,545
Intangible Assets	2,179	701
	<u>4,857</u>	<u>4,246</u>
Current assets		
Inventories	-	-
Trade receivables	2,447	1,601
Other receivables, deposits and prepayment	6,276	5,179
Amount owing by an associate	-	-
Tax recoverable	1	1
Cash and bank balances	270	3,870
	<u>8,994</u>	<u>10,651</u>
Assets classified as held for sale	3,500	4,489
	<u>12,494</u>	<u>15,140</u>
Total Assets	<u>17,351</u>	<u>19,386</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	52,161	34,676
Accumulated losses	(35,383)	(34,450)
Other Reserves	-	17,485
Shareholders' funds	16,778	17,711
Non-controlling interests	-	-
Total Equity	<u>16,778</u>	<u>17,711</u>
Current liabilities		
Trade Payables	288	298
Other payables and accruals	285	1,377
Total liabilities	<u>573</u>	<u>1,675</u>
Total equity and liabilities	<u>17,351</u>	<u>19,386</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.05	0.05

Notes:

- (i) The net asset per share for the quarter and financial period is calculated based on the net asset as at 30 April 2017 divided by the number of outstanding ordinary shares as at 31 January 2017.
- (ii) The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements of the Group for the FPE 31 July 2016 and the accompanying notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

	9 months to date 30 April 2017 RM'000	Preceding corresponding 12 months Period Ended 31 July 2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss Before Taxation	(905)	(11,618)
Adjustments for Non-cash items	1,828	4,743
Operating profit/(loss) before working capital changes	923	(6,876)
Changes in working capital		
Net change in inventories	-	3
Net change in trade and other receivables	(1,943)	(6,319)
Net change in trade and other payables	(1,102)	3,524
Net cash flows from operations	(2,122)	(9,668)
Tax paid	-	-
Net cash flows from operating activities	(2,122)	(9,668)
CASH FLOW FROM INVESTING ACTIVITIES		
Change in asset classified held for sale	-	500
Product development costs incurred	-	7
Purchase of intangible assets	(1,478)	-
Transfer from plant and equipment	-	1,358
Proceeds from disposal of property, plant and equipment	-	1,302
Net of cash, disposal of net liabilities of subsidiary company	-	1,564
Net cash flows from investing activities	(1,478)	4,731
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	-	7,913
Minority interest	-	-
Net cash flows from financing activities	-	7,913
NET CHANGES IN CASH AND CASH EQUIVALENTS	(3,600)	2,976
Effects of Foreign Exchange Translation	-	(494)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	3,870	1,386
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	270	3,869
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	270	3,869
Fixed deposits placed with licensed banks	-	-
	270	3,869

Note: The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the audited financial statements of the Group for the FPE 31 July 2016 and the accompanying notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 APRIL 2017

	Attributable to owners of the Company							Total equity RM'000
	Non-distributable			Distributable				
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Fluctuation Reserve RM'000	Employee Share Option Reserve RM'000	Accumulated Losses RM'000	Shareholders' Fund RM'000	Non- controlling Interest RM'000	
Balance as at 1 August 2016	34,676	17,485	-	-	(34,486)	17,675	-	17,675
Total comprehensive loss	-	-	-	-	(907)	(907)	-	(907)
	-	-	-	-	(907)	(907)	-	(907)
Transactions with owners:								
Transfer from share premium for Share option exercised	17,485	(17,485)	-	-	-	-	-	-
Balance as at 30 April 2017	52,161	-	-	-	(35,393)	16,770	-	16,768

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 APRIL 2017 (CONT'D)**
As at preceding period ended 31 July 2016

	← Attributable to owners of the Company →							Total equity RM'000
	← Non-distributable			→ Distributable				
	Share Capital RM'000	Share Premium RM'000	Foreign Exchange Fluctuation Reserve RM'000	Employee Share Option Reserve RM'000	Accumulated Losses RM'000	Shareholders' Fund RM'000	Non- controlling Interest RM'000	
At 1 April 2015	27,237	11,082	(223)	-	(23,011)	15,085	(119)	14,966
Net loss for the financial period	-	-	-	-	(11,475)	(11,475)	(143)	(11,618)
Foreign currency translation	-	-	(495)	-	-	(495)	-	(495)
Total comprehensive loss	-	-	(495)	-	(11,475)	(11,970)	(143)	(12,113)
	27,237	11,082	(718)	-	(34,486)	3,115	(262)	2,853
Transactions with owners:								
Grant of employee share options	-	-	-	6,537	-	6,537	-	6,537
Exercise of employee share options	7,439	474	-	-	-	7,913	-	7,913
Transfer to share premium for share options exercised	-	5,952	-	(5,952)	-	-	-	-
Employee share options forfeited	-	-	-	(585)	-	(585)	-	(585)
Share issuance expenses	-	(23)	-	-	-	(23)	-	(23)
Disposal of subsidiary companies	-	-	718	-	-	718	262	980
	7,439	6,403	718	-	-	14,560	262	14,822
At 31 July 2016	34,676	17,485	-	-	(34,486)	17,675	-	17,675

Note:

- (i) The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the FPE 31 July 2016 and the accompanying notes attached to this interim financial report.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting, Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 July 2016 and the accompanying explanatory notes attached to the interim financial report.

The Group has also adopted all Amendments/Improvements to MFRSs that are relevant and effective for accounting periods beginning on or after 1 August 2015. The adoption of these Amendments/Improvements to MFRSs has not resulted in any material impact on the financial statements of the Group.

A2. Auditors’ Report of preceding period financial statements

The preceding period’s financial statements for the period ended 31 July 2016 of the Group were qualified for the following matters:

1. The Predecessor Auditors’ report dated 14 July 2015

The Predecessor Auditors’ report had expressed qualified opinion on the financial statements of the Group and of the Company for the financial period ended 31 March 2015 as they were unable to obtain satisfactory appropriate audit evidence concerning:

- (i) the recoverable amount of the IT equipment and IT equipment under installation amounting to RM2,871,071 and RM3,255,305 respectively that relate to a project which was terminated during the financial period;
- (ii) the carrying amount of the intangible assets of RM1,391,543 as at 31 March 2015 consists of product development costs that relates to the same project which was terminated during the financial period; and
- (iii) thus, they were unable to ascertain the directors’ assessment of the recoverable amount from the said assets as mentioned above and they also could not determine the effect of adjustments, if any, on the financial position of the Group and the Company as at 31 March 2015, or on its financial performance and cash flows for the financial period then ended.

2. Carrying Values of These Assets

(i) IT equipment, IT equipment under installation

As at 31 July 2016, the carrying value for IT equipment and IT equipment under installation as mentioned in the above paragraphs recorded in the current period’s financial statements at RM1,908,765 (2015: RM2,871,071) and RM2,009,365 (2015: RM3,255,305) respectively.

As mentioned in Note 34(ii) to the financial statements, subsequent to the financial period the Company on 7 October 2016 has managed to rent out the IT equipment and IT equipment under installation for 1 year commencing from October 2016 in order to generate economic benefits for the Group and the Company.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134 (CONT'D)

(ii) Intangible Asset

As for the Intangible Asset with a carrying value of RM701,306 (2015: RM1,391,543) as at 31 July 2016, the matter remains unresolved during the financial period.

Although annual depreciation has been provided by the Management, we were unable to ascertain the directors' assessment of the recoverable amount of the asset and we could not determine the effect of adjustments, if any, that might have been found to be necessary on the financial position of the Group and the Company as at 31 July 2016, or on its financial performance and cash flows for the financial period then ended.

3. Opening Balances

We were appointed as auditors in October 2016. As we were unable to access the audit working papers of the predecessor auditors and unable to verify by alternative means the opening balances that have been making up the financial position as the predecessor auditors have expressed a qualified opinion on the financial statement for the financial period ended 31 March 2015.

Since the opening balances substantially enter into determination of the financial performance and cash flows of the current financial period, we therefore could not determine the effect of adjustments, if any, that might have been found to be necessary in respect of the current period's loss on the financial performance and cash flows of the Group and the Company for the financial period ended 31 July 2016.

4. Gain on Disposal of Subsidiary Company

As disclosed in Note 6 to the financial statements, the financial statements of one of the disposed subsidiary companies, namely LEYS International Ltd. ("LEY"), of which we have not acted as auditors, for the financial period ended 31 July 2016 have not been audited. We were unable to perform any verification work on its unaudited management financial statements as the said subsidiary company had been disposed of on 11 November 2015.

The financial statements of the Group have been consolidated using the unaudited management financial statements of the said subsidiary company prior to the date of disposal. We were unable to obtain sufficient appropriate audit evidence on the completeness of the results of the said subsidiary company for the financial period ended 31 July 2016 that was included in the statement of profit or loss of the Group.

In addition, the gain on disposal of the subsidiary company amounting to RM565,222 was also accounted for using the unaudited management financial statements of the said subsidiary company as at the date of disposal. As a result, we were also unable to obtain sufficient appropriate audit evidence on the said gain on disposal of the subsidiary company amounting to RM565,222.

A3. Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal and/or cyclical factors.

A4. Unusual Items affecting assets, liabilities, equity, net income or cash flows

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

A5. Material changes in estimates

There were no material changes in estimates in the quarter under review and financial year-to-date.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134 (CONT’D)

A6. Debts and equity securities

There were no issue of debts and equity securities for the quarter under review.

A7. Dividends

There were no dividends paid or declared for the quarter under review.

A8. Segmental Information

The Group has only one reportable segment, which is principally engaged in the distribution, research, design and deployment of the radio frequency identification (RFID) tag and operates predominantly in one country, that is, Malaysia. Accordingly, information by operating and geographical segments on the Group’s operations as required by MFRS 8 is not presented.

Further information on the Group’s revenue is discussed in Section B1.

A9. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review. However, the Company may carry out valuation for certain plant and equipment to ascertain their fair value.

A10. Capital commitments

There were no material capital commitments in respect of property, plant and equipment as at the current financial quarter under review.

A11. Other commitments

There were no material other commitments as at the current financial quarter under review.

A12. Changes in the composition of the Group

There were no changes in composition of the Group during the quarter under review.

A13. Contingent assets or liabilities

Save as disclosed in the quarterly reports, the Directors are of the opinion that the Group has no other contingent liabilities which, upon crystallisation would have material impact on the financial position and business performance of the Group as at reporting date.

A14. Material events pending completion

- (i) On 17 February 2016 and pursuant to a quotation from a third party of the same date, the Company has issued an advance deposit of RM945,000 to Fragrant Prosperity PLC, a public company incorporated in Jersey, in payment of 50% of the purchase price for the acquisition of “eWallet backend system” and various progressive payments made by the Company.

On 6 December 2016, the Company’s solicitor confirmed that the he has been instructed to prepare an agreement by the parties to formalise the said acquisition to safeguard the intellectual property rights and interests of the Company.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS (“FRS”) 134 (CONT’D)

A14. Material events pending completion (cont’d)

(ii) On 10 March 2016, the Company announced that it has entered into a joint venture agreement with Cherish Words Sdn. Bhd to participate in a joint venture to undertake sub-contracting works for the design and build of a proposed housing scheme for a statutory body. As at the report date, the Company has provided working capital and advances to CWSB in total of RM5,000,000.

On 17 June 2016, the Company announced that it has entered into a strategic partnership agreement with Cherish Words Sdn. Bhd. (CWSB) and Anhui Construction Engineering (M) Sdn. Bhd. to undertake various construction and civil engineering projects and related activities in the region.

(iii) On 5 October 2016, the Company’s solicitor confirmed that the Company has earlier received a non-refundable earnest deposit of RM1,000,000 from an intended purchaser, Foley Union Group Limited, a public company incorporated in Jersey to purchase the 50% equity interest in My Records Sdn. Bhd., the Company’s jointly controlled entity for a total consideration of RM5,000,000. The said disposal is subject to due diligence and a formal agreement by the parties, which is expected to be completed within 12 months.

A15. Material events subsequent to the end of the quarter

There are no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the performance of the Group

For the financial period ended (FPE) 30 April 2017, the Group recorded revenue of RM1.815 million which represents an unfavourable performance compared to RM1.014 million in the preceding year corresponding period.

The Group recorded a loss after taxation of RM0.905 million for FPE 30 April 2017 as compared to a loss after taxation of RM0.847 million registered in the preceding year corresponding period.

B2. Comparison to the Results of the Preceding Quarter

	Current Quarter Ended 30 April 2017 RM'000	Preceding Quarter Ended 31 January 2017 RM'000
Revenue	801	428
Profit/(Loss) before tax	(60)	(513)

B3. Prospects

The Group will be focusing on its new potential track and traceability software solution systems. In this respect, the Group strives to team-up with other overseas companies to explore the market opportunities for Logistics Information Platforms both locally and overseas, which will augur well for the Group and the Company in the near future. In the same time, the Group is exploring vibrant opportunities presented in the civil engineering and construction projects as well as food chain business.

In view of the uncertain domestic economic conditions, the Group is anticipating a challenging year ahead and will continue its efforts to diversify in various lucrative and sustainable businesses in order to boost the Group's revenue base and income streams.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B4. Profit forecast and profit guarantee

The Group did not issue any profit forecast or profit guarantee for the current quarter under review or in any public documents.

B5. Taxation

	Current Quarter Ended 30 April 2017 RM'000	Cumulative 9 Months Period Ended 30 April 2017 RM'000
Current tax expense	-	-

Non-pioneer business

There is no tax expense for the current quarter and current year to date as the Group and the Company incurred business losses and have no chargeable income.

Pioneer business

The Company was accorded the MSC (Multimedia Super Corridor) status and granted Pioneer Status on 11 July 2007 which exempts 100% of its eligible statutory business income for a period of five (5) years, which has been extended for a further period of five (5) years till 11 July 2017.

B6. Status of Corporate Proposal

On 23 January 2017 and 20 February 2017, TA Securities announced on behalf of the Board that the Company proposes to undertake the following:

- (i) proposed reduction of the share capital of SMTrack pursuant to Section 116 of the Companies Act 2016 (“Act”) (“**Proposed Share Capital Reduction**”);
- (ii) proposed consolidation of every 4 SMTrack Shares into 1 SMTrack Share after the Proposed Share Capital Reduction (“**Proposed Share Consolidation**”);
- (iii) proposed private placement of up to 26,007,100 new SMTrack Shares (“**Placement Shares 1**”), representing approximately 30% of the total number of issued SMTrack Shares (excluding treasury shares, if any) after the Proposed Share Capital Reduction and Proposed Share Consolidation (“**Proposed Private Placement 1**”);
- (iv) proposed termination of SMTrack’s existing share issuance scheme (“SIS”) (“**Proposed SIS Termination**”); and proposed establishment of a new SIS of up to 30% of the total number of issued SMTrack Shares (excluding treasury shares, if any) at any one time during the duration of the scheme for the eligible persons (“**Proposed New SIS**” or “**New SIS**”).

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B6. Status of Corporate Proposal (con't)

(Collectively referred as the “**Announced Corporate Exercises**”)

The proceeds arising from the Proposed Private Placement 1 are intended to be utilised for the payment of estimated expenses and part payment of the Cash Consideration for the Proposed Acquisition.

Bursa Securities had, vide its letter dated 12 April 2017, approved the following:

- (i) Proposed Share Consolidation; and
- (ii) listing of and quotation for the Placement Shares 1 and new SMTrack Shares arising from the exercise of options under the Proposed New SIS on the ACE Market of Bursa Securities.

SMTrack’s shareholders have approved the Announced Corporate Exercises (except for the Proposed SIS Termination which does not require shareholders’ approval) at the Company’s extraordinary general meeting (“**EGM**”) held on 17 May 2017. The Company had, via its legal counsel, filed a petition to the High Court of Malaya, Kuala Lumpur in relation to the Proposed Share Capital Reduction. The Announced Corporate Exercises have not been completed.

On 12 August 2016, the Company entered into a Memorandum of Understanding (“**MOU**”) with the shareholders of Wellspring in relation to the Proposed Acquisition. The sale and purchase agreement on the acquisition was signed on 15th June 2017 and announce accordingly.

- (i) Proposed acquisition of up to 100% of the equity interest of Wellspring comprising 230,000,000 ordinary shares in Wellspring Worldwide Limited (“**Wellspring**”) (“**Wellspring Shares**”) (“**Sale Shares**”) from the shareholders of Wellspring for a total purchase consideration of RM310,000,000 (“**Total Purchase Consideration**”) to be satisfied via a combination of issuance of up to 2,071,428,570 new ordinary shares in SMTrack (“**SMTrack Shares**” or “**Shares**”) (“**Consideration Shares**”) at an issue price of RM0.14 each and cash payment of RM20,000,000 (“**Cash Consideration**”) (“**Proposed Acquisition**”);
- (ii) a renounceable rights issue of up to 169,046,325 new SMTrack Shares (“**Rights Shares**”) on the basis of 3 Rights Shares for every 2 existing SMTrack Shares held, together with up to 112,697,550 free detachable warrants (“**Warrants**”) on the basis of 2 Warrants for every 3 Rights Shares subscribed at an entitlement date to be determined (“**Entitlement Date**”) (“**Proposed Rights Issue of Shares with Warrants**”);
- (iii) a mandatory general offer (“**MGO**”) by the Promoters (as defined in Section 3.1.1 of this announcement) and persons acting in concert (“**PAC**”) with them (if any) to acquire all the remaining SMTrack Shares and convertible securities in SMTrack not already owned by the Promoters (as defined in Section 3.1.1 of this announcement) following the Proposed Acquisition (“**Proposed MGO**”); and
- (iv) proposed private placement of up to 10% of the total number of issued SMTrack Shares (“**Placement Shares 2**”) after the Proposed Rights Issue of Shares with Warrants and Proposed Acquisition (“**Proposed Private Placement 2**”).

B7. Group borrowings and debt securities

As at the report date, the Group does not have any borrowings and debt securities.

B8. Off balance sheet financial instruments

As at the report date, the Group does not have any off balance sheet financial instruments.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

**B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA
SECURITIES (CONT'D)**

B9. Material Litigations

(i) *Lor Ching Peng ("LCP") vs. SMTrack Berhad ("SMT")*

On 17 June 2016, LCP filed a claim against the Company at the Kuala Lumpur Industrial Court alleging that he was constructively dismissed by the Company and claim for losses and damages suffered by him in respect of the said constructive dismissal.

LCP has also applied for reinstatement of his previous position in the Company without losses of salaries, allowances, service and seniority and /or a fair and reasonable compensation in lieu.

On 1 September 2016, the Company's solicitors filed its statement of defence stating that the claimant had earlier voluntarily tendered his resignation by giving a 6 month notice to the Company, but during certain part of the notice period, he failed to report to work.

On 16 December 2016, the case management was postponed to 24 January 2016.

On 21 February 2017, the industrial court fixed the matter for trial on 15 & 16 January 2018. The court also fixed on 2 November 2017 as the last Case Management for direction on the trial.

(ii) *SMTrack Berhad ("SMT") vs. Observision Sdn. Bhd. ("OSB")*

On 29 August 2016, the Company claimed against the defendants at the Kuala Lumpur Session Court, an outstanding amount of RM152,733 for the supply and delivery of goods.

On 7 October 2016, OSB filed a counter claim for the breach of the Outsource Service Agreement dated 3 September 2014 in respect of a project related to "supply, install and commissioning of extra low voltage equipment and infrastructure for certain housing projects".

The lump sum price of the said project awarded is RM1,537,951, but OSB counter-claimed that the Company has breached the contract and claimed for Special damages and liquidated damages of RM493,540 and RM9,950,000 respectively.

On 2 November 2016, OSB filed an application to transfer the case to the Kuala Lumpur High Court, with the submission to be filed on 23 December 2016 and the hearing being fixed on 5 January 2017.

On 14 November 2016, the Company applied for a Summary Judgement for the default in payment of the outstanding sum and the Company has also filed an application to strike out the above counter-claim.

B9. Material Litigations (con't)

On 7 February 2017, both parties attended mediation at KL Mediation Centre but failed to reach an agreement.

On 5 January 2017, the case was fixed for hearing. On the same day, the Court instructed the parties to file written submission by 25 January 2017. The court has fixed 21 February 2017 for decision of the SMTrack's application for Summary Judgement. OSB has withdrawn its application to transfer the matter to High Court on 5 January 2017.

Our solicitor opined that the counter-claim is remote as the said letter of award is not signed and OSB has to prove the existence of a valid contract between the parties, and so far no provision of losses or damages have been made in the financial statements.

On 21 February 2017, the court has dismissed our application with order for cost in the cause. SMTrack plan to appeal against the decision.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER ENDED 30 APRIL 2017**

B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B10. Dividends

The Board of Directors does not recommend any dividends for the current financial quarter under review.

B11. Earnings / (loss) per share

a) Basic earnings/ (loss) per share

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 30 April 2017	Preceding Corresponding Quarter Ended 31 March 2015	9 Months to date ended 30 April 2017	Preceding 9 Months Corresponding Period To date ended 31 March 2016
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	(60)	(2,168)	(905)	(8,868)
Weighted average number of ordinary shares in issue ('000)	52,161	294,493	52,161	284,062
Basic earnings/(loss) per share (sen)	(0.12)	(0.74)	(1.74)	(3.32)

b) Diluted earnings/ (loss) per share

No diluted earnings/ (loss) per share is disclosed as all potential ordinary shares are anti-dilutive.

B12. Disclosure of realised and unrealised profits or losses

	As at 30 April 2017 RM'000	As at 31 March 2016 RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(35,383)	(31,478)
- Unrealised	-	246
	(35,383)	(31,724)
Total share of accumulated losses of a jointly controlled entity		
- Realised	-	-
- Unrealised	-	-
	(35,383)	(31,724)
Add: Consolidation adjustments		-
Total Accumulated losses	(35,383)	(31,724)

B13. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23rd June 2017.

SMTRACK BERHAD
23rd June 2017
BY ORDER OF THE BOARD