

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019**

	----- Individual Quarter ----		----- Cumulative Quarter -----	
	Current Quarter Ended	*Preceding Corresponding Quarter Ended	(Unaudited) 6 months to date ended	(Unaudited) *Preceding corresponding 6 months Period Ended
	31 January 2019 RM'000	31 January 2018 RM'000	31 January 2019 RM'000	31 January 2018 RM'000
Revenue	424	-	849	474
Cost of Sales	(1)	-	(4)	-
Gross Profit/(Loss)	423	-	845	474
Other income /(loss)	-	-	-	3
Administrative expenses	(370)	(519)	(756)	(756)
Selling and distribution expenses	-	-	-	-
Other expenses	-	-	-	-
Operating Profit/(Loss)	53	(519)	89	(279)
Finance cost	-	-	-	-
<b>Profit/(Loss) Before Taxation</b>	53	(519)	89	(279)
Taxation	-	-	-	-
<b>Net Profit/(Loss) After Taxation</b>	53	(519)	89	(279)
Other comprehensive loss, net of tax - Foreign currency translation on foreign entity	-	-	-	-
<b>Total comprehensive income/(loss)</b>	53	(519)	89	(279)
<b>Net Loss attributable to :</b>				
- Owners of the Company	53	-	89	(279)
- Non-controlling interests	-	-	-	-
<b>Net Profit/(Loss)</b>	53	(519)	89	(279)
<b>Total comprehensive income/(loss) attributable to :</b>				
- Owners of the Company	53	(519)	89	(279)
- Non-controlling interests	-	-	-	-
<b>Total comprehensive income/(loss)</b>	53	(519)	89	(279)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019 (CON'T)**

	----- Individual Quarter ----		----- Cumulative Quarter -----	
	Current Quarter Ended  31 January 2019	Preceding Period Corresponding Quarter Ended  31 January 2018	(Unaudited)  6 months to date ended  31 January 2019	(Unaudited) Preceding corresponding 6 months Period Ended  31 January 2018
Weighted average no. of ordinary shares in issue ('000)	146,608	135,823	146,608	135,823
Weighted average no. of ordinary shares in issue adjusted for the effect of dilutive potential ordinary shares('000)	146,608	135,823	146,608	135,823
<b>Earnings/(loss) per ordinary share (sen):</b>				
Basic earnings/(loss) per share (sen)	0.04	(0.38)	0.06	(0.21)
Diluted earnings/(loss) per share (sen)	0.04	(0.38)	0.06	(0.21)

## 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 2018 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  31 January 2019 RM'000	6 months to date ended  31 January 2018 RM'000
(a) Depreciation and amortisation	23	107

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 JANUARY 2019**

	(Unaudited) As at 31 January 2019 RM'000	(Audited) As at 31 July 2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	133	197
Intangible Assets	-	-
	<u>133</u>	<u>197</u>
<b>Current assets</b>		
Trade receivables	575	1,938
Other receivables, deposits and prepayment	13,988	11,914
Amount owing by an associate	380	380
Tax recoverable	1	1
Cash and bank balances	1	21
	<u>14,945</u>	<u>14,254</u>
<b>Total Assets</b>	<b><u>15,078</u></b>	<b><u>14,451</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable to Equity Holders of the Company</b>		
Share capital	17,125	16,770
Accumulated profit /(loss)	(3,983)	(4,073)
Shareholders' funds	13,142	12,697
Non-controlling interests	-	(2)
<b>Total Equity</b>	<b><u>13,142</u></b>	<b><u>12,695</u></b>
<b>Current liabilities</b>		
Trade Payables	141	143
Other payables and accruals	1,795	1,613
<b>Total liabilities</b>	<b><u>1,936</u></b>	<b><u>1,756</u></b>
<b>Total equity and liabilities</b>	<b><u>15,078</u></b>	<b><u>14,451</u></b>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.09	0.09

## Notes:

- (i) The net asset per share for the quarter and financial period is calculated based on the net asset as at 31 January 2019 divided by the number of outstanding ordinary shares as at 31 Jan 2019
- (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 2018 and the accompanying notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019**

	Unaudited 6 months to date 31 January 2019 RM'000	Audited 12 months Year Ended 31 July 2018 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) Before Taxation	89	(3,871)
Adjustments for Non-cash items	64	456
Operating profit/(loss) before working capital changes	<u>153</u>	<u>(3,415)</u>
Changes in working capital		
Net change in inventories	-	-
Net change in trade and other receivables	(711)	(5,368)
Net change in trade and other payables	183	711
Net cash flows from operations	<u>(375)</u>	<u>(8,072)</u>
Tax paid	-	1
Net cash flows from operating activities	<u>(375)</u>	<u>(8,071)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Product development costs incurred	-	-
Purchase of intangible assets	-	-
Purchase of property, plant and equipment	-	(16)
Proceeds from disposal of property, plant and equipment	-	-
Net of cash, disposal of net liabilities of subsidiary company	-	-
Net cash flows from investing activities	<u>-</u>	<u>(16)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net proceeds from issuance of shares	355	8,100
Net of cash, disposal of net liability of subsidiary	-	(1)
Net cash flows from financing activities	<u>355</u>	<u>8,099</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>(20)</b>	<b>12</b>
Effects of Foreign Exchange Translation	-	-
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>21</b>	<b>9</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b><u>1</u></b>	<b><u>21</u></b>
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	1	21
Fixed deposits placed with licensed banks	-	-
	<u>1</u>	<u>21</u>

## 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 2018 and the accompanying notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019

	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 2018	16,770	-	-	-	(4,073)	12,697	-(2)	12,695
Total comprehensive profit	-	-	-	-	89	89	-	89
Adjustment to Subsidiary	-	-	-	-	1	1	2	3
	-	-	-	-	90	89	2	92
<b>Transactions with owners:</b>								
Share issuance	355	-	-	-	-	355	-	355
<b>Total Transaction with owner</b>	355	-	-	-	-	355	-	355
Balance as at 31 January 2019	17,125	-	-	-	(3,983)	13,142	-	13,142

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019 (CONT'D)

As at preceding year ended 31 July 2018

	← 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 August 2017	8,669	-	-	-	(204)	8,465	-	8,465
Net loss for the financial period	-	-	-	-	(3,869)	(3,869)	(2)	(3,871)
Foreign currency translation	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(3,869)	(3,869)	(2)	(3,871)
	8,669	-	-	-	(4,073)	4,596	-	4,594
<b>Transactions with owners:</b>								
Acquisition of subsidiary	-	-	-	-	-	-	-	-
Issuance of share capital	8,101	-	-	-	-	8,101	-	8,101
	8,101	-	-	-	-	8,101	-	-
At 31 July 2018	16,770	-	-	-	(4,073)	12,697	(2)-	12,695

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 2018 and the accompanying notes attached to this interim financial report.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019**

**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 2018 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 auditor report on financial statements for the year ended 31 July 2018 of the Group were no qualified by external auditor.

**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.

**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.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019**

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

**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 other material commitments for the current 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**

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.

**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 SECOND QUARTER ENDED 31 JANUARY 2019**

**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) 31 January 2019, the Group recorded 0.424 mil revenue of compared to nil in the preceding year corresponding period.

The Group recorded pre-tax profit of RM0.053 million for FPE 31 January 2019 as compared to pre-tax losses of RM0.519 million registered in the preceding year corresponding period.

**B2. Comparison to the Results of the Preceding Quarter**

	<b>Current Quarter Ended</b>	<b>Preceding Corresponding Quarter Ended</b>
	<b>31 January 2019</b>	<b>31 October 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	424	425
Profit/(Loss) before tax	53	36

**B3. Prospects**

The Management will continue its efforts on operational efficiency and effective cost management in order to maintain the Group's competitive edge in the RFID industry. Besides maintaining the RFID businesses, the group will continue to seek new business opportunities and projects in other sector in order to diversify the revenue base. The Group is exploring vibrant opportunities presented in the civil engineering and construction projects as well as food chain business.

It is expected that this year would be a tough year for most companies in Malaysia after change of new government. But the group is very optimistic towards the Malaysia economic outlook over the year. Moving forward, we expect the financial performance of the Group will be improved by the gradual executing the Group's focus on strategic businesses.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019**

**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**

	<b>Current Quarter Ended</b>	<b>Cumulative 6 Months</b>
	<b>31 January 2019</b>	<b>Period Ended</b>
	<b>RM'000</b>	<b>31 January 2018</b>
	<b>RM'000</b>	<b>RM'000</b>
Current tax expense	-	-

**B6. Status of Corporate Proposal**

There is no Corporate Exercises.

**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.

**B9. Material Litigations**

**(i) Shah Alam Magistrate Court: Summon No: BA –A72NCC- 124-01/2017  
SMTrack Berhad (“the Company”) vs Observision Sdn Bhd (“OBS”)**

The Company claim against the OBS for RM86,084.57 being payment for the goods supplied by the Company to the OBS. The Company filed application for Summary Judgement and Court allowed the Company application on 29<sup>th</sup> September 2017. OBS was dissatisfied and appealed to the High Court Shah Alam.

***Shah Alam High Court:***

***Appeal No: BA-11ANCC-18-10-2017***

***Appeal No: BA-11ANCC-17-10/2017***

**Observision Sdn Bhd (“OBS”) vs SMTrack Berhad (“the Company”)**

The appeal was justified, the court had ordered for full trial at the magistrate’s court.

The Court has fixed the trial date will be on 11 April 2019.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019**

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

***(ii) Sepang Session Court: Summon No: BK-A52NCVC-04-02/2017***

***Shah Alam High Court:***

***Appeal No: BA12ANCVC – 187-12/2017***

***Appeal No: BA-12ANCVC – 188-12/2017***

**SMTrack Berhad (“the Company”) vs Observision Sdn Bhd (“OBS”)**

The Company claim against OBS for RM461,385.29 being payment for the goods supplied by the Company to the OBS. The Company filed application for summary judgement. Both parties has filed submission.

In the Summary, the Company have succeeded in getting a judgment against OBS for RM466,385.29. Currently, OBS has appealed to the High Court Shah Alam for dissatisfaction with the judgment against RM466,385.29.

The Court has fixed the trial date will be on 24 April 2019.

***(iii) Kuala Lumpur High Court: Writ Summon: WA-22NCVC-39-01/2018***

**Observision Sdn Bhd (“OBS”) vs SMTrack Berhad (“the Company”)**

On 26<sup>th</sup> January 2018, OBS has re-filed a writ summon against the company for the breach of the Outsource Service Agreement dated 3<sup>rd</sup> 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 was RM1,537,950.96 but OBS claimed that the Company has breached the contract terms and claimed for Special damages and liquidated damages of RM493,540 and RM9,950,000 respectively.

The Company’s solicitor has look into all the documents filed by OBS and has found out that there were no documents to show that SMTrack Berhad is a party to a contract.

OBS has filed an appeal to the Malaysia Appeal Court because of the High Court was dismissed of OBS’s claim.

***(iv) Sepang Session Court Suit No: BK52-A52-04-04/2018***

**SMTrack Berhad (“the Company”) vs Observision Sdn Bhd (“OBS”)**

The cause of action is breach of sales of goods contract. OBS has failed to pay the amount of goods that the Company have supplied and delivered. The amount of claim is RM152,731.84.

The Company have filed in an application for Summary Judgement under Order 14 Rule 1 of the High Court Rules 2012. Up to date, the Defendant failed to serve an Affidavit In Reply to the Company’s application. Thus the Company seek the Court for Order In Term in the Company’s submission. The submission was filed on 22<sup>nd</sup> October 2018 and decision fixed on 8<sup>th</sup> November 2018.

The Company has succeeded on Summary of Judgment with the amount claimed on 23 January 2019 but OBS make an appeal to high Court Shah Alam. Suit No: BA-12A-95-12/2018. The trial date has yet to be determined.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019**

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

**(v) *Sepang Session Court Suit No: BK-S1-A52-07-05/2018*  
SMTrack Berhad (“the Company”) vs Lor Ching Peng (“LCP”)**

The Company has filed a new case against ex-employee of the Company, the cause of action is breached of contract whereby LCP has breached his contract term when he terminated the contract six (6) months earlier.

LCP should be present at work despite giving six (6) months’ notice, but there has not been any amount since the trial has not been conducted. The total amount of the claim is RM 102,000.00

**(vi) *Kuala Lumpur High Court Suit No. WA-28NCC-135-02/2019*  
SMTrack Berhad (“the Company”) vs Lor Ching Peng (“LCP”)**

The Company had received a winding up petition dated 04/03/2019 by LCP.

The Company’s solicitor has found a number of unfounded allegations and fleas in the winding up petition and is applying to strike off the said petition.

The Petition is fixed for hearing on 9 April 2019.

**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 31 January 2019	Preceding Corresponding Quarter Ended 31 January 2018	6 Months to date ended 31 January 2019	Preceding 6 Months Corresponding Period To date ended 31 January 2018
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	53	(519)	89	(279)
Weighted average number of ordinary shares in issue ('000)	146,608	135,823	146,608	135,823
<b>Basic earnings/(loss) per share (sen)</b>	<b>0.04</b>	<b>(0.38)</b>	<b>0.06</b>	<b>(0.21)</b>

**QUARTERLY REPORT ON CONSOLIDATED RESULTS  
FOR THE SECOND QUARTER ENDED 31 JANUARY 2019**

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

**B11. Earnings / (loss) per share (cont'd)**

**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**

	<b>As at 31 January 2019 RM'000</b>	<b>As at 31 January 2018 RM'000</b>
Total accumulated losses of the Company and its subsidiaries		
- Realised	(3,983)	(697)
- Unrealised	-	-
	(3,983)	(697)
Total share of accumulated losses of a jointly controlled entity		
- Realised	-	-
- Unrealised	-	-
	(3,983)	(697)
Add: Consolidation adjustments	-	-
<b>Total Accumulated losses</b>	<b>(3,983)</b>	<b>(697)</b>

**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 27<sup>TH</sup> March 2019