

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 OCTOBER 2018**

	----- Individual Quarter ----		---- Cumulative Quarter ----	
			(Unaudited)	(Unaudited)
	Current Quarter Ended 31 Oct 2018 RM'000	*Preceding Corresponding Quarter Ended 31 Oct 2017 RM'000	3 months to date ended 31 Oct 2018 RM'000	*Preceding corresponding 3 months Period Ended 31 Oct 2017 RM'000
Revenue	425	474	425	474
Cost of Sales	(3)	0	(3)	0
Gross Profit/(Loss)	422	474	422	474
Other income /(loss)	0	3	0	3
Administrative expenses	(386)	(237)	(386)	(237)
Selling and distribution expenses	0	0	0	0
Other expenses	0	0	0	0
Operating Profit/(Loss)	36	240	(386)	240
Finance cost	0	0	0	0
Profit/(Loss) Before Taxation	36	240	36	240
Taxation	0	0	0	0
Net Profit/(Loss) After Taxation	36	240	36	240
Other comprehensive loss, net of tax - Foreign currency translation on foreign entity	0	0	0	0
Total comprehensive income/(loss)	36	240	36	240
Net Loss attributable to :				
- Owners of the Company	36	240	36	240
- Non-controlling interests	0	0	0	0
Net Profit/(Loss)	36	240	36	240
Total comprehensive income/(loss) attributable to :				
- Owners of the Company	36	240	36	240
- Non-controlling interests	0	0	0	0
Total comprehensive income/(loss)	36	240	36	240

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 OCTOBER 2018 (CON'T)**

	----- Individual Quarter -----		----- Cumulative Quarter -----	
	Current Quarter Ended 31 Oct 2018	Preceding Period Corresponding Quarter Ended 31 Oct 2017	(Unaudited) 3 months to date ended 31 Oct 2018	(Unaudited) Preceding corresponding 3 months Period Ended 31 Oct 2017
Weighted average no. of ordinary shares in issue ('000)	146,608	86,690	146,608	86,690
Weighted average no. of ordinary shares in issue adjusted for the effect of dilutive potential ordinary shares('000)	146,608	86,690	146,608	86,690
Earnings/(loss) per ordinary share (sen):				
Basic earnings/(loss) per share (sen)	0.02	0.28	0.02	0.28
Diluted earnings/(loss) per share (sen)	0.02	0.28	0.02	0.28

Notes:

- (i) Basic 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 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 Oct 2018 RM'000	Preceding Period 3 months to date ended 31 Oct 2017 RM'000
(a) Depreciation and amortisation	36	24
(b) Gain/(loss) on disposal of property, plant & equipment	0	0

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2018**

	(Unaudited) As at 31 Oct 2018 RM'000	(Audited) As at 31 July 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	157	197
Intangible Assets	-	-
	<u>157</u>	<u>197</u>
Current assets		
Trade receivables	2,351	1,937
Other receivables, deposits and prepayment	11,826	11,914
Amount owing by an associate	380	380
Tax recoverable	1	1
Cash and bank balances	(44)	21
	<u>14,514</u>	<u>14,254</u>
Total Assets	<u>14,671</u>	<u>14,451</u>
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	17,125	16,770
Accumulated profit	(4,037)	(4,073)
Shareholders' funds	13,088	12,697
Non-controlling interests	(0)	(2)
Total Equity	<u>13,088</u>	<u>12,695</u>
Current liabilities		
Trade Payables	143	143
Other payables and accruals	1,440	1,613
Total liabilities	<u>1,583</u>	<u>1,756</u>
Total equity and liabilities	<u>14,671</u>	<u>14,451</u>
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 under review and financial period is calculated based on the net asset as at 31 Oct 2018 divided by the number of outstanding ordinary shares as at 31 Oct 2018.
- (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 FIRST QUARTER ENDED 31 OCTOBER 2018**

	(Unaudited) 3 months to date 31 Oct 2018 RM'000	(Audited) 12 months Year Ended 31 July 2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) Before Taxation	36	(3,871)
Adjustments for Non-cash items / Depreciation	38	456
Operating profit/(loss) before working capital changes	<u>74</u>	<u>(3,415)</u>
Changes in working capital		
Net change in inventories	-	0
Net change in trade and other receivables	(398)	(5,368)
Net change in trade and other payables	(446)	711
Net cash flows from operations	<u>(844)</u>	<u>(8,072)</u>
Tax paid / refund	-	1
Net cash flows from operating activities	<u>(770)</u>	<u>(8,071)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Change in investment in jointly controlled entity	-	-
Product development costs incurred	-	-
Purchase of intangible assets	-	-
Purchase of property, plant and equipment	-	(16)
Proceeds from disposal of property, plant and equipment	-	-
Cash proceed of disposal of subsidiary company	-	-
Net cash flows from investing activities	<u>-</u>	<u>(16)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Advance from director	350	0
Net proceeds from issuance of shares	356	8,100
Net of cash, disposal of net liability of subsidiary	-	(1)
Net cash flows from financing activities	<u>706</u>	<u>8,099</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(64)	12
Effects of Foreign Exchange Translation	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	21	9
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	<u>(43)</u>	<u>21</u>
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	(43)	21
Fixed deposits placed with licensed banks	-	-
	<u>(43)</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 FIRST QUARTER ENDED 31 OCTOBER 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	
Balance as at 1 August 2018	16,770	-	-	-	(4,073)	12,697	(2)	12,695
Total comprehensive profit	-	-	-	-	36	36	2	38
	-	-	-	-	(4,037)	12,733	-	12,733
Transactions with owners:								
Share issuance	355	-	-	-	-	355	-	355
Total Transaction with owner	355	-	-	-	-	355	-	355
Balance as at 31 Oct 2018	17,125	-	-	-	(4,037)	13,088	-	13,088

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 OCTOBER 2018 (CONT'D)

As at financial 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)	-	(3,871)
	8,669	-	-	-	(4,073)	4,596	(2)	4,594
Transactions with owners:								
Acquisition of subsidiary	-	-	-	-	-	-	0.05	0.05
Issuance of share capital	8,101	-	-	-	-	8,101	-	8,101
	8,101	-	-	-	-	8,101	0.05	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 FIRST QUARTER ENDED 31 OCTOBER 2018**

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 3,127,753 units of ordinary share capital were issued under ESOS to staff of the groups 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 FIRST QUARTER ENDED 31 OCTOBER 2018**

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 material other commitments as at the current financial quarter under review.

A12. Changes in the composition of the Group

During the quarter under review, the Company (SM Track Berhad) has acquired the remaining 49 ordinary shares of RM 1 each representing 49% equity interest in Smart Marine Tech Sdn Bhd for a consideration of RM49.00. Accordingly, Smart Marine Tech Sdn Bhd will become a wholly-owned subsidiary of SM Track Berhad.

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 FIRST QUARTER ENDED 31 OCTOBER 2018**

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 or extended to a period to be mutually agreed upon by the interested parties.

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 FIRST QUARTER ENDED 31 OCTOBER 2018**

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 31 October 2018, the Group recorded revenue of 0.425million compared to RM0.474 million in the preceding year corresponding period.

The Group recorded a profit before taxation of RM0.036 million for FPE 31 October 2018 as compared to a profit before taxation of RM0.240 million registered in the preceding year corresponding quarter.

B2. Comparison to the Results of the Preceding Quarter

	Current Quarter Ended	Preceding Quarter
	31 Oct 2018	Period
	RM'000	31 July 2018
		RM'000
Revenue	425	661
Profit/(Loss) before tax	36	(4,367)

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 FIRST QUARTER ENDED 31 OCTOBER 2018**

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	Cumulative 3 Months
	31 Oct 2018	Period Ended
	RM'000	31 Oct 2017
		RM'000
Current tax expense	-	-

The Company was accorded the MSC (Multimedia Super Corridor) status. There is no tax expenses for this quarter.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 OCTOBER 2018**

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 utilized 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**”).

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 OCTOBER 2018**

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)

On 18th April 2018, On behalf of SMTrack, TA Securities announce the following:

- (i) the Company has decided not to proceed with the Proposed Acquisition after considering, amongst others, Wellspring's financial performance for FYE 31 December 2017 which does not meet SMTrack's expectation. The Company and Stage 1 Vendors will enter into a Deed of Termination, Release and Discharge to terminate the SSA in due course; and
- (ii) the Proposed Rights Issue of Shares With Warrants, Proposed MGO and Proposed Private Placement 2 will be aborted subsequent to the termination of the SSA.

On 8 February 2018, the Company completed the execution of a Supply and Purchase Agreement with Prins Solution Sdn Bhd for the purchase of customized goods, namely LED Screens, LED Screen Towers, Wall scape Panels and other equipment used for digital / electronics advertising at a contract price of RM 3,500,000.00 (RGT: Three Million and Five Hundred Thousand only)

The Company purchase of goods for the purpose of fitting into projects in Penang and Johor. Print Solutions Sdn Bhd ("PSSB") is a company limited by shares incorporated under the laws of Malaysia. PSSB is involving in the business of advertising contractors and agents, business related to graphic design such as photographic and photofinishing work.

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 29th September 2017. On 2nd October 2017 the Company was informed that the Shah Alam Magistrate Court was in favor towards the Company where the Court has granted to amend their Statement of Defense and Summary Judgement amount of RM 86,084.57.

OBS now has filed an appeal with magistrate court.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 OCTOBER 2018**

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

B9. Material Litigations (cont'd)

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

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”)

These appeals by OBS derived from the Company’s suit against them that the Company claimed for payment amounting of RM86,084.57 in the Shah Alam Magistrate Court. The appeals are against the decision made by same court. Suit No: BA-A72NCC-124-01/2017

The court has fixed the hearing on the appeal on 26th November 2018.

The Company have already filed the Seizure & Sale and Garnishee Proceedings against OBS’s bank account. Additionally, the Company’s solicitor will file the Winding Up Proceedings against OBS if the amount recovered from the Garnishee and Seizure & Sale Proceeding is not enough to offset the amount awarded.

On 23rd November 2017, Sepang Session Court has decided on two application made by the parties in the above said case. Where the Company’s application for Summary Judgement for the amount RM461,385.29 under Order 14 of the Rules of the Court 2012 was allowed and OBS’s application to amend their Statement of Defense was dismissed.

The Court has fixed the trial date will be on 22 January 2019.

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

Shah Alam High Court:

Appeal No: BA12ANVC – 187-12/2017

Appeal No: BA-12ANVC – 188-12/2017

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

These appeals by OBS derived from the Company’s suit against them that the Company claim for payment amounting of RM461,385.29 in the Sepang Session Court. The appeals are against the decision made by the Session Court Judge in Sepang Session Court. Suit No: BK-A52NCVC-04-2/2017

The Company’s solicitor will file the Seizure & Sale Proceeding and Garnishee Proceedings against OBS bank account. Also, the Company’s solicitor will file the Winding Up Procedure against OBS if the amount recovered from the Garnishee and Seizure & Sale Proceeding is not enough.

The Court has decided the trial will be on 28 January 2019.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 OCTOBER 2018**

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

B9. Material Litigations (cont'd)

**(iii) Kuala Lumpur High Court: Writ Summon: WA-22NCVC-39-01/2018
Observision Sdn Bhd ("OBS") vs SMTrack Berhad ("the Company")**

On 26th January 2018, OBS has re-filed a writ summon against the company for the breach of the Outsource Service Agreement dated 3rd 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 have look into all the documents filed by OBS and has found out that there was no documents to show that SMTrack Berhad is a party to a contract.

The Company's solicitor attempt to strike out the case on the basis that there is no cause of action towards the Company but the Court has declined the request. This case was fixed for trial on 18th & 19th October 2018 and the result will be heard on 17 January 2019.

**(iv) Sepang Session Court Suit No: BK-A52-04-04/2018
SMTrack Berhad ("the Company") vs Observision Sdn Bhd ("OBS")**

The Company re-filed summon against OBS as 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 22nd October 2018 and decision fixed on 8th November 2018.

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

**(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.

In accordance to the case above, even though the Company have agreed to pay claimant as such amount, the Company would have a chance to claim RM102,000 from the defendant. The Court has fixed the trial date on 19th November 2018.

Full Trial date was fixed by the Court on 31 January 2019.

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FIRST QUARTER ENDED 31 OCTOBER 2018**

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 31 October 2018	Preceding Corresponding Quarter Ended 31 October 2017	3 Months to date ended 31 October 2018	Preceding 3 Months Corresponding Period To date ended 31 October 2017
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	36	240	36	240
Weighted average number of ordinary shares in issue ('000)	146,608	86,690	146,608	86,690
Basic earnings/(loss) per share (sen)	0.02	0.28	0.02	0.28

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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

	As at 31 October 2018 RM'000	As at 31 October 2017 RM'000
Total accumulated profit / (losses) of the Company and its subsidiaries		
- Realised	(4,037)	1,216
- Unrealised	-	-
	(4,037)	1,216
Total share of accumulated profit/(losses) of a jointly controlled entity		
- Realised	-	-
- Unrealised	-	-
	(4,037)	1,216
Add: Consolidation adjustments	-	-
Total Accumulated profit / (losses)	(4,037)	1,216

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 27TH December 2018

SMTRACK BERHAD
27TH December 2018
BY ORDER OF THE BOARD