



SEDANIA INNOVATOR BERHAD
[Registration No. 201301044527 (1074350-A)]
(“SIB” OR THE “COMPANY”)

**INTERIM FINANCIAL REPORT FOR THE
FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

	<i>Quarter Ended</i>			<i>Year-To-Date Ended</i>		
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	Changes %	31 Dec 2020 RM'000	31 Dec 2019 RM'000	Changes %
Revenue	1,952	6,051	(68)	8,339	15,495	(46)
Other income	366	1,691	(78)	1,784	7,709	(77)
Cost of sales	(417)	(3,988)	(90)	(2,724)	(8,214)	(67)
Administration expenses	(8,886)	(3,384)	>100	(18,288)	(11,796)	55
(Loss)/Profit from operations	(6,985)	370	(>100)	(10,889)	3,194	(>100)
Finance costs	(10)	(14)	(29)	(34)	(74)	(54)
Share of result of associates, net of tax	-	(134)	>100	(633)	(171)	(>100)
(Loss)/Profit before taxation	(6,995)	222	(>100)	(11,556)	2,949	(>100)
Taxation	(281)	(69)	>100	(447)	(463)	(3)
(Loss)/Profit for the period, representing total comprehensive (loss)/income	(7,276)	153	(>100)	(12,003)	2,486	(>100)
NET (LOSS)/PROFIT ATTRIBUTABLE TO:						
- Owners of the parent	(7,276)	153	(>100)	(12,003)	2,486	(>100)
- Non-controlling interests	-	-	-	-	-	-
	(7,276)	153	(>100)	(12,003)	2,486	(>100)
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:						
- Owners of the parent	(7,276)	153	(>100)	(12,003)	2,486	(>100)
- Non-controlling interests	-	-	-	-	-	-
	(7,276)	153	(>100)	(12,003)	2,486	(>100)
Weighted average number of ordinary shares ('000)	298,724	248,387	20	264,466	241,706	9
(Loss)/Earnings per share attributable to the owners of the parent (Sen):						
- Basic	(2.436)	0.062	(>100)	(4.539)	1.029	(>100)
- Diluted	(2.431)	0.061	(>100)	(4.529)	1.022	(>100)

(The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Unaudited as at 31 Dec 2020 RM'000	Audited as at 31 Dec 2019 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	972	1,384
Investments in associates	-	749
Lease receivables	5,953	8,115
Right-of-use assets	753	842
Deferred tax asset	334	334
	<u>8,012</u>	<u>11,424</u>
CURRENT ASSETS		
Receivables, deposit & prepayments	9,471	11,202
Lease receivables	677	1,661
Inventories	3	1
Short term funds	1,891	8,922
Cash and bank balances	10,826	1,955
Current tax asset	228	321
	<u>23,096</u>	<u>24,062</u>
TOTAL ASSETS	<u>31,108</u>	<u>35,486</u>
EQUITY		
Share capital	52,895	44,557
Reserves	(25,159)	(13,052)
Equity attributable to the owners of the parent	<u>27,736</u>	<u>31,505</u>
TOTAL EQUITY	<u>27,736</u>	<u>31,505</u>
NON-CURRENT LIABILITIES		
Bank borrowing	375	417
Lease liabilities	354	507
Deferred tax liabilities	6	2
	<u>735</u>	<u>926</u>
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	2,103	2,647
Lease liabilities	449	323
Bank borrowing	85	85
	<u>2,637</u>	<u>3,055</u>
TOTAL LIABILITIES	<u>3,372</u>	<u>3,981</u>
TOTAL EQUITY AND LIABILITIES	31,108	35,486
NET ASSETS PER SHARE (Sen)	10.49	12.68

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

	Share Capital RM'000	ESOS Reserve RM'000	Reorganisation Reserve RM'000	Accumulated losses RM'000	Total RM'000
Current year-to-date ended 31 December 2020					
Balance as at 1 January 2020	44,557	224	(10,853)	(2,423)	31,505
Net loss for the period				(12,003)	(12,003)
Transactions with owners:					
Issuance of shares:					
Proceeds from ESOS	6,424	(806)	-	-	5,618
Proceeds from Private Placement	1,914	-	-	-	1,914
Share options vested under ESOS	-	702	-	-	702
Balance as at 31 December 2020	52,895	120	(10,853)	(14,426)	27,736
Preceding year corresponding period ended 31 December 2019					
Balance as at 1 January 2019	42,005	83	(10,853)	(4,909)	26,326
Net profit for the period	-	-	-	2,486	2,486
Transactions with owners:					
Issuance of shares:					
Proceeds from Private Placement	2,552	-	-	-	2,552
Share options vested under ESOS	-	141	-	-	141
Balance as at 31 December 2019	44,557	224	(10,853)	(2,423)	31,505

(The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

	Current year to date 31 Dec 2020 RM'000	Preceding year to date 31 Dec 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(11,556)	2,949
Adjustments for:		
Depreciation of property, plant and equipment	461	846
Depreciation of right-of-use assets	321	330
Share options vested under ESOS	702	140
Interest expense	21	74
Interest expense on lease liabilities	13	-
Income distribution from short term funds	(179)	(348)
Interest from finance lease	(1,387)	(1,158)
Impairment on investment in associates	443	-
Impairment losses on trade & finance lease receivables	7,259	523
Gain on lease modification	(11)	-
Reversal of impairment losses on receivables	-	(1,798)
Share of loss in associates, net of tax	633	171
Unrealised loss on foreign exchange	2	-
Waiver of debt	-	(2,039)
Operating loss before working capital changes	(3,278)	(310)
Changes in working capital:		
Trade and other receivables	(4,371)	3,362
Inventory	(3)	5
Lease receivables	3,382	(5,423)
Trade and other payables	(578)	783
	(1,570)	(1,273)
Cash used in operations	(4,848)	(1,583)
Tax paid	(316)	(711)
Tax refund	-	53
NET CASH USED IN OPERATING ACTIVITIES	(5,164)	(2,241)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(51)	(40)
Income distribution received from short term funds	179	348
Acquisition of interest in associate companies	(183)	(920)
Advance to associate company	(143)	-
Repayment to ultimate holding company	-	(1,574)
NET CASH USED IN INVESTING ACTIVITIES	(198)	(2,186)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of term loan	(53)	(81)
Interest on term loan	(21)	(24)
Repayment of lease liabilities	(256)	(297)
Interest on lease liabilities	-	(41)
Proceeds from issuance of shares	7,583	2,551
Payment of share issue expense	(51)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	7,202	2,108

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,840	(2,319)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	10,877	13,196
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CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	12,717	10,877
Cash and cash equivalents comprised the following:		
Cash and bank balances	10,826	1,955
Short term funds	1,891	8,922
	<hr/>	
	12,717	10,877
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(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2020

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2020.

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, Rule 9.22 and Appendix 9B 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 for the financial year ended 31 December 2019, which have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

A2. Significant Accounting Policies

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019 except for the adoption of the following standards that became effective for financial period beginning 1 January 2020:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendment to MFRS 3: Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108: Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 16 Covid-19 Related Rent Concessions</i>	1 June 2020 (early adoption)
<i>Amendments to MFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

The adoption of the above standards does not have any significant impacts to the current financial period.

Standards issued but not yet effective

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by MASB but have not been adopted by the Group and the Company.

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

A3. Auditors’ report of preceding annual financial statements

There was no qualification to the audited financial statements of the Group for the financial year ended (“FYE”) 31 December 2019.

A4. Seasonal or cyclical factors

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

A5. Unusual items

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

A6. Material changes in estimates

Not applicable as there were no estimates reported in the prior financial years.

A7. Debt and equity securities

On 18 September 2020, the Group announced that it proposes to undertake a private placement of up to 20% of the total number of issued shares of SIB based on a shareholders’ mandate procured pursuant to Section 75 and Section 76 of the Companies Act, 2016 approved by its shareholders at the Company’s 6th Annual General Meeting convened on 29 June 2020 (“Proposed Private Placement”). On 6 October 2020, Bursa Securities had approved to approve the listing and quotation of up to 58,033,400 Placement Shares to be issued pursuant to the Proposed Private Placement subject to conditions.

On 23 October 2020, approximately 25% of the proposed private placement was completed via issuance of 14,500,000 new shares at RM0.132 each – raising a gross proceed of RM1.91 million.

	No. of Shares	RM'000
As at 1.10.2020	287,691,652	50,981
Ordinary shares issued pursuant to the Private Placement	14,500,000	1,914
As at 31.12.2020	302,191,652	52,895

Other than the above, there were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter and financial period ended 31 December 2020.

A8. Segmental information

For management purposes, the Group is organised into five (5) operating segments which require different business strategies, and presented as follows:

- (a) Financial Technology (“FinTech”)

Provision of financial technology solutions for the banking industry.
- (b) Internet of things (“IoT”) solutions

Provision for solutions for inter-networking of connected devices for infrastructure management.
- (c) Green technology (“GreenTech”) solutions

Provision of green technology solutions for sustainable and environmentally friendly products and services.
- (d) Sharing platform

Providing the technology on Airtime sharing for telecommunication providers.
- (e) Others

Other operating segment comprises operations relating to investment holding.

Segment assets and liabilities exclude current and deferred tax assets and liabilities.

The Group’s segmental analysis by operating segments are as follows:

	3 months ended		12 months ended	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Segment revenue				
FinTech	1,285	1,067	4,071	3,936
IoT Solutions	-	575	631	1,150
GreenTech Solutions	65	3,820	1,264	8,011
Sharing Platform	602	589	2,373	2,398
Others	-	-	-	-
Total revenue	1,952	6,051	8,339	15,495
Segment operating profit/(loss) before tax				
FinTech	501	(156)	659	787
IoT Solutions	(555)	740	(1,813)	3,712
GreenTech Solutions	(5,814)	277	(7,536)	754
Sharing Platform	(231)	183	186	782
Others	(897)	(822)	(3,052)	(3,086)

Operating profit /(loss) before tax	(6,996)	222	(11,556)	2,949
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	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Segment Assets		
FinTech	3,705	5,083
IoT Solutions	-	1,150
GreenTech Solutions	13,751	17,171
Sharing Platform	3,180	5,475
Others	9,909	5,951
Total Assets	30,545	34,830
Segment Liabilities		
FinTech	335	524
IoT Solutions	151	583
GreenTech Solutions	614	325
Sharing Platform	1,772	2,327
Others	494	220
Total Liabilities	3,366	3,979

The Group's revenue based on geographic location of its customers are as follows:-

	3 months ended		12 months ended	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
	Malaysia	1,952	6,051	8,283
Thailand	-	-	55	-
Singapore	-	-	1	-
Total	1,952	6,051	8,339	15,495

Year to date revenue from Malaysia, Thailand and Singapore contributed to approximately 99.33%, 0.66% and 0.01% respectively of the Group's total revenue.

A9. Valuation of property, plant and equipment

The Group has not carried out any valuation of its property, plant and equipment in the current quarter.

A10. Capital commitment

There was no capital commitment recognised by the Group for the current quarter.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group in the current quarter.

A12. Contingent liabilities and contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual reporting period date up to the date of this report.

A13. Material events subsequent to the end of the quarter

Save as disclosed in Note B6, there were no other material events subsequent to the end of the current quarter and financial year-to-date that have not been reflected in this interim financial report.

A14. Significant related party transaction

There was no significant related party transaction entered into during the current quarter.

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Group's Financial Performance Review and Segmental Analysis

Overall review of the Group's financial performance

	3 months ended			12 months ended		
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	Changes %	31 Dec 2020 RM'000	31 Dec 2019 RM'000	Changes %
Revenue	1,952	6,051	(68)	8,339	15,495	(46)
Operating (Loss)/Profit	(6,985)	370	(>100)	(10,889)	3,194	(>100)
(Loss)/Profit Before Interest and Tax	(6,985)	370	(>100)	(10,889)	3,194	(>100)
(Loss)/Profit Before Tax	(6,995)	222	(>100)	(11,556)	2,949	(>100)
(Loss)/Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	(7,276)	153	(>100)	(12,003)	2,486	(>100)

(i) Statement of Profit and Loss and Other Comprehensive Income

Group revenue for 4Q 2020 was RM1.95 million or 68% lower compared to RM6.05 million for 4Q 2019, with the decrease mainly coming from GreenTech and IoT segments.

Group operating expenses of RM8.89 million for 4Q 2020 were RM5.50 million higher compared to RM3.39 million for 4Q 2019, with the increase mainly coming from provision for impairment in respect of certain trade receivables and lease receivables of RM5.54 million and recognition of one-off share-based payment expense of RM0.58 million for exercise of share options vested in September 2020. The Group recognised higher provision for impairment on certain trade receivables and lease receivables in 4Q 2020 in light of the current COVID-19 circumstances, and has concluded that the provision for impairment is adequate and reasonable as at the end of the period under review.

Consequently, the Group recorded an operating loss before tax of RM7.00 million in 4Q 2020 as compared to an operating profit before tax of RM0.22 million in 4Q 2019.

Group Loss after Tax in 4Q 2020 was RM7.28 million compared to a profit after tax of RM0.15 million in 4Q 2019.

A segmental breakdown and analysis by operating segments are provided under item A8 and "Segmental Analysis" below.

(ii) Statement of Financial Position

As at 31 December 2020, total equity attributable to the owners of the Company was RM27.74 million as compared to RM31.51 million as at 31 December 2019.

Total assets as at 31 December 2020 decreased by 12.34% to RM31.11 million from RM35.49 million as at 31 December 2019 mainly due to reduction in trade receivables and lease receivables as result of higher provision for impairment, as well as a decreased in current tax asset during the year.

Total liabilities decreased by 15.30% to RM3.37 million as of 31 December 2020 from RM3.98 million as of 31 December 2019. The reduction in total liabilities was driven mainly by a reduction in trade and other payables, bank borrowings and lease liabilities in the current period.

(iii) Statement of Cash Flows

The Group recorded a net cash inflow of RM1.84 million as at 31 December 2020. As at 31 December 2020, the Group had short-term deposits and bank balances of RM12.72 million, borrowings of RM0.46 million and lease liabilities of RM0.80 million.

For the twelve (12) months ended 31 December 2020, the net cash used in operating activities of the Group was RM5.16 million during the period as compared to RM2.24 million generated in the previous corresponding period in 2019.

Net cash used from investing activities was RM0.20 million in the twelve (12) months ended 31 December 2020, as compared to RM2.19 million used in the previous corresponding period in 2019.

Net cash generated in financing activities was RM7.20 million during the period against RM2.11 million generated for the corresponding period in 2019.

Segmental analysis

a. Current quarter ended 31 December 2020 (“4Q 2020”) compared with the previous corresponding quarter ended 31 December 2019 (“4Q 2019”):

FinTech

In 4Q 2020, FinTech segment revenue was RM1.29 million, an increase of 20.43% as compared to 4Q 2019. FinTech’s growth continues to gain momentum progressively following the easing of operational constraints under the Conditional Movement Control Order (CMCO).

The segment recorded an operating profit before tax of RM0.50 million in the current quarter, as compared to a RM0.16 million loss in 4Q 2019.

IoT solutions

There was no revenue from this segment in 4Q 2020 as compared to 4Q 2019. All fire safety devices for BOMBA SPKA project have been delivered and completed in the previous quarter (3Q 2020).

The segment recorded an operating loss before tax of RM0.56 million in 4Q 2020 as compared to a segment operating profit before tax of RM0.74 million in 4Q 2019. Common operating expenses allocated on a reasonable basis to this segment in the current quarter under review amounting to RM0.55 million.

Green Technology solutions

The GreenTech segment recorded a revenue of RM0.07 million in 4Q 2020 as compared to RM3.82 million in 4Q 2019. No new lease revenue recognised in the current quarter compared to 4Q 2019. Revenue from this segment is a continuation of existing maintenance and servicing contracts with a partner for GreenTech solutions in providing energy-saving solutions for a financial institution and a telecommunications company.

The segment recorded an operating loss before tax of RM5.81 million in 4Q 2020 as compared to segment operating profit before tax of RM0.28 million in 4Q 2019. The adverse performance was mainly due to expected credit losses recognised on a prudent basis for this segment.

Sharing platform

Sharing platform recorded a revenue of RM0.60 million in 4Q 2020, an increase of 2.21% from the same period last year. Despite going through the COVID-19 pandemic and CMCO period that have widespread effects on other businesses across the country, the segment had sustained with a marginal increase in revenue as compared to 4Q 2019.

The segment recorded an operating loss before tax of RM0.23 million in 4Q 2020 as compared to RM0.18 million operating profit before tax in 4Q 2019.

Others

This segment comprises operations relating to investment holding company. The segment recorded a segment operating loss before tax of RM0.90 million in 4Q 2020 as compared to a segment operating loss of RM0.82 million in 4Q 2019. This was due to common operating expenses/indirect cost allocated on a reasonable basis to this segment for whose benefit the expense was incurred.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Changes %
	31 Dec 2020 RM'000	30 Sep 2020 RM'000	
Revenue	1,952	2,498	(22)
Operating (Loss)/Profit Before Interest and Tax	(6,985)	19	(>100)
(Loss)/Profit Before Tax	(6,995)	16	(>100)
(Loss)/Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	(7,276)	48	(>100)

Revenue for the quarter ended 31 December 2020 decreased by 22%, amounting to RM0.55 million, while loss after tax was RM7.28 million in the current quarter compared to profit after tax of RM0.05 million to the immediate preceding quarter. The Group recorded a loss after tax in the current quarter mainly due to the decrease in revenue contributions from GreenTech and IoT solutions, coupled with higher impairment losses on trade & finance lease receivables as compared the immediate preceding quarter.

B3. Prospects for 2021

The ongoing COVID-19 pandemic continues to disrupt the normal operation of economies globally. The market conditions in 2021 continue to be unpredictable and most economists are predicting a long and uneven return to pre-COVID business activity level. Hence, the Group continues to maintain a cautious outlook while remain committed to continue improving its long term strategy, managing efficiency and reinforcing costs optimisation efforts to ensure business sustainability.

The Group is also committed to explore new business opportunities to strengthen its existing business portfolios. The recent approval for the proposed acquisition and diversification into the health technology industry is expected to supplement the Group's existing businesses, and mitigate the risks of relying on current businesses.

As such, the Board of Directors is optimistic to deliver a reasonable performance with the inclusion of the health technology segment for the financial year ending 31 December 2021.

B4. Profit forecast

The Group has not issued any profit forecast in any public documents.

B5. Taxation

	3 months ended		12 months ended	
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Tax expense/(income) recognised in profit or loss:				
Current tax provision	281	(29)	447	365
	281	(29)	447	365
Deferred Tax:				
Relating to origination of Temporary Difference	-	98	-	98
Tax expense/(income) for the financial period	281	69	447	463

B6. Status of corporate proposals and utilisation of proceeds

- (i) On 18 September 2020, the Group announced that it proposes to undertake a private placement of up to 20% of the total number of issued shares of SIB based on a shareholders' mandate procured pursuant to Section 75 and Section 76 of the Companies Act, 2016 approved by its shareholders at the Company's 6th Annual General Meeting convened on 29 June 2020 ("Proposed Private Placement"). On 6 October 2020, Bursa Securities had approved the listing and quotation of up to 58,033,400 Placement Shares to be issued pursuant to the Proposed Private Placement subject to conditions. On 23 October 2020, approximately 25% of the proposed private placement was completed via issuance of 14,500,000 new shares at RM0.132 each – raising a gross proceed of RM1.91 million.

As at the date of this report, the proceeds from the Private Placement have been utilised in the following manner:

Purpose	Proposed utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation	Explanations (if the deviation is 5% or more)	
	RM'000	RM'000		RM'000	%	
Green Technology Solutions ("GreenTech") segment	1,247	697	Within 12 months	550	44	(1)
General working capital	563	563	Within 12 months	-	-	(a)
Private Placement expenses	104	51	Within 1 month	53	51	(b)
Total gross proceeds	1,914	1,311		603	32	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 18 September 2020 and 2 October 2020.

Explanation:

(1) *The Group's GreenTech energy saving devices installation works are still in progress.*

Notes:

(a) *The general working capital allocated from this round of Private Placement has been fully utilised as at 31 December 2020.*

(b) *The actual expenses incurred for this round of Private Placement was lower than the estimated expense. The balance shall be utilised in the next round of Private Placement under this proposed corporate exercise.*

(ii) On 2 November 2020, the Company announced that it had entered into a shares sale agreement ("SSA") with Sedania Corporation Sdn Bhd for the acquisition of 51% equity interest in Offspring Inc Sdn Bhd ("Offspring"), for a total Purchase Consideration of RM15,116,400 to be fully satisfied by cash ("Proposed Acquisition"), and proposed to diversify the business of SIB and its subsidiaries ("SIB Group") to include the following business activities:

- (a) consumer products specialising in healthcare, personal care, household as well as baby and childcare products; and
 - (b) health technologies specialising in preventive healthcare technology solutions
- ("Proposed Diversification") (Collectively referred to as the "Proposals")

The Proposed Acquisition is deemed as a related party transaction pursuant to Rule 10.08 of the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements").

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is approximately 47.98%, computed based the Purchase Consideration given in relation to the Proposed Acquisition as compared with the net assets of SIB.

The Proposals are subject to the following approvals being obtained:

- (a) approval of the non-interested shareholders of SIB at an extraordinary general meeting ("EGM") to be convened; and
- (b) any other relevant authorities and/or parties, if required.

On 21 December 2020, the Company issued a Notice of the Extraordinary General Meeting ("EGM") to its shareholders for an EGM to be held on 4 January 2021 ("Notice").

Subsequently, all the resolutions as set out in the Notice were duly approved by the shareholders of the Company at the EGM held on 4 January 2021. Upon completion of the transaction, Offspring is deemed a 51% subsidiary of the Company.

There are no other corporate proposals, which have been announced but not completed as at 25 February 2021, being the date of this report.

B7. Borrowings

The Group's borrowings as at the end of this financial period are as follows:

	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Current liabilities		
Term loan (secured)	85	84
Non-current liabilities		
Term loan (secured)	375	417
 Total borrowings	 460	 501

Note: The term loan is secured by a first legal charge against the Group's office premises.

B8. Material litigation

Save as disclosed below, there were no pending material litigations against the Group which might materially and adversely affect the Group's financial position.

Kuala Lumpur High Court ("KLHC") Summon No. WA-22NCvC-879-11/2019 between Sedania Technologies Sdn. Bhd. (formerly known as IDOTTV Sdn. Bhd.)("the Plaintiff") vs (1) Professional Science Technologies Sdn. Bhd. ("1st Defendant") and (2) Encik Muzir Bin Md Zanib ("2nd Defendant")(collectively referred to as "the Defendants")

On 28 November 2019, the Company announced that its wholly-owned subsidiary, STSB as the Plaintiff, via its solicitors, Messrs. J Nee Solicitors, filed a Writ of Summons together with a Statement of Claim, on 27 November 2019, against Professional Science Technologies Sdn. Bhd. ("PSTECH") as the First Defendant and En. Muzir bin. Md Zanib ("En. Muzir") as the Second Defendant in KLHC.

En. Muzir, in his capacity as a director for PSTECH, had approached STSB to venture into the Automatic Fare Collection System ("Project").

The Main Contractors of the Project appointed Intelligent Essence Sdn Bhd (“IESB”) as the sub-contractor. IESB subsequently appointed STSB as a sub-contractor via a Letter of Award dated 4 July 2017 and Contract Works Agreement dated 6 September 2017 (“IESB Contract”).

PSTECH was then appointed by STSB as a sub-contractor via a Contract Works Agreement dated 6 September 2017 (“PS Tech Contract”) and is obligated to carry out the scope of works as per the IESB Contract.

STSB had duly completed the scope of works under the IESB Contract, however, IESB had failed, neglected and refused to make payment for the sum of RM1,887,426 (“the Debt”) despite STSB’s various demands and requests for the same.

En. Muzir, on behalf of PSTECH then undertook and acknowledged to pay the Debt to STSB via a Letter of Undertaking on 29 March 2019 and via WhatsApp messages respectively.

However, the Defendants had failed, neglected and refused to pay the Debt to STSB of which resulted in STSB filing the said Statement of Claim and claim from the Defendants, jointly and severally the following:

- (a) The sum of RM1,887,426 being the Debt due and owed by the Defendants;
- (b) Interest from the date of the breach until the date of judgment in accordance with Section 11 of the Civil Law Act 1956;
- (c) Interest at 5% per annum from the date of judgment until full and final settlement;
- (d) Costs of this action be paid by the Defendants to STSB; and
- (e) Further and/or other reliefs that the Court deems just and/or suitable and/or fair.

The Defendants through their solicitors, Messrs. Rafida Razak & Co, filed their Statement of Defence on 24 January 2020. The Plaintiff through their new solicitor, Messrs. Ram Reza & Muhammad, filed an Amended Statement of Claim on 17 February 2020 and has received the Amended Statement of Defence from the Defendants on 5 March 2020. The Plaintiff has filed a Reply to the Defence and Notice of Application to move the court to hear the matter under Order 14 Rules Of Court 2012 (“Summary Judgement Application”) on 20 March 2020.

The KLHC on 25 August 2020 decided in the Plaintiff’s favour (“Order 14 Judgment”) held as follows:

1. The sum of RM1,887,426.00 being the debt due and owed by the Defendants to the Plaintiff;
2. Interest from the date of the breach until the date of judgment in accordance with Section 11 of the Civil Law Act 1956;
3. Interest on RM1,887,426.00 at 5% per annum from the date of judgment until full and final settlement of the debt; and
4. Costs of RM3,000.00 subjected to the allocator fee to be paid by the Defendants to the Plaintiff.

The Defendants, aggrieved and dissatisfied with the Decision by the KLHC had filed a Notice of Appeal to the Court of Appeal (“COA”) which the COA on Case Management via e-review on 19 November 2020, instructed the Parties to file Written Submission with Bundle of Authorities, Executive Summary and Common Core Bundle on/before 14 June 2021.

COA further fixed 14 June 2021 as pre-Hearing Case Management and Hearing on 29 June 2021.

However, the Defendants had on 5 February 2021 served to the Plaintiff the following cause papers:

1. A sealed copy of Notice of Motion together with Affidavit in Support to amend their Memorandum of Appeal, which the COA fixed 15 February 2021 for Case Management. The COA during the Case Management further fixed 20 April 2021 for Hearing in COA; and
2. A sealed copy of Notice of Application together with Affidavit in Support to stay the execution for the Order 14 Judgment obtained against the Defendants, which the KLHC has fixed 16 February 2021 for Case Management. The KLHC during the Case Management instructed the Parties to comply with the following dates:
 - a. For the Plaintiff to file Affidavit In Reply on/before 18 February 2021;
 - b. For the Defendants to file Affidavit In Reply on/before 4 March 2021; and
 - c. For Parties to attend Case Management in KLHC on 11 March 2021.

B9. Dividends

No dividend has been paid, declared or proposed during the quarter under review.

B10. Earnings per share

(a) Basic earnings per share

The earnings per share are calculated by dividing the net (loss)/profit attributable to ordinary owners of the Company by the weighted average number of ordinary shares in issue during the period.

	3 months ended		12 months ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
(Loss)/Profit attributable to the owners of the Company (RM'000)	(7,276)	153	(12,003)	2,486
Weighted average number of ordinary shares in issue ('000)	298,724	248,387	264,466	241,706
Basic (loss)/earnings per share (sen)	(2.436)	0.062	(4.539)	1.029

(b) Diluted earnings per share

The diluted earnings per share are calculated by dividing the net (loss)/profit attributable to ordinary owners of the Company by the weighted average number of ordinary shares in issue during the period, adjusted for the dilutive effects of potential ordinary shares from share options granted pursuant to the Employees' Share Option Scheme ("ESOS").

	3 months ended		12 months ended	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
(Loss)/Profit attributable to the owners of the Company (RM'000)	(7,276)	153	(12,003)	2,486
Weighted average number of ordinary shares in issue ('000)	298,724	248,387	264,466	241,706
Effect of dilution from share options ('000)	568	1,512	568	1,512
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	299,292	249,899	265,034	243,218
Diluted (loss)/earnings per share (sen)	(2.431)	0.061	(4.529)	1.022

B11. Disclosure on selected expense/(income) items as required by the Listing Requirements

Included in profit before taxation are the following expense/(income) items:

	3 months ended	3 months ended	12 months ended	12 months ended
	31 Dec 2020 RM'000	31 Dec 2019 RM'000	31 Dec 2020 RM'000	31 Dec 2019 RM'000
Depreciation and amortisation expenses	150	287	782	1,176
Finance lease interest income	(311)	(390)	(1,387)	(1,158)
Impairment loss on receivables	5,535	315	7,259	523
Income distribution received from short term funds	(41)	(72)	(179)	(348)
Interest expense	10	14	34	74
Reversal of impairment loss on receivables	-	(167)	-	(1,798)
Waiver on creditor balance	-	-	-	(2,362)
Litigation settlement received	-	(980)	-	(1,961)
Hibah / Others	-	(80)	-	(81)

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)
CHENG CHIA PING (MAICSA 1032514)
 Company Secretaries

Kuala Lumpur
 25 February 2021