



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

**INTERIM FINANCIAL REPORT FOR THE
FOURTH (4th) QUARTER ENDED 31 DECEMBER 2019**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2019

	<i>Quarter Ended</i>			<i>Year-To-Date Ended</i>		
	31 Dec 2019 RM'000	31 Dec 2018 RM'000	Changes %	31 Dec 2019 RM'000	31 Dec 2018 RM'000	Changes %
Revenue	6,051	2,103	>100	15,495	12,343	26
Other income	1,691	332	>100	7,709	1,576	>100
Cost of sales	(3,988)	(795)	>100	(8,214)	(5,454)	51
Administration expenses	(3,384)	(5,148)	(34)	(11,796)	(12,651)	(7)
Profit / (Loss) from operations	370	(3,508)	>100	3,194	(4,186)	>100
Finance costs	(14)	(76)	(82)	(74)	(127)	(42)
Share of result of an associate, net of tax	(134)	-	-	(171)	-	-
Profit / (Loss) before taxation	222	(3,584)	>100	2,949	(4,313)	>100
Taxation	(69)	435	(<100)	(463)	(44)	>100
Net profit / (loss) for the period, representing total comprehensive income / (loss)	153	(3,149)	>100	2,486	(4,357)	>100
NET PROFIT / (LOSS) ATTRIBUTABLE TO:						
- Owners of the parent	153	(3,149)	>100	2,486	(4,357)	>100
- Non-controlling interests	-	-	-	-	-	-
	153	(3,149)	>100	2,486	(4,357)	>100
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:						
- Owners of the parent	153	(3,149)	>100	2,486	(4,357)	>100
- Non-controlling interests	-	-	-	-	-	-
	153	(3,149)	>100	2,486	(4,357)	>100
Weighted average number of ordinary shares ('000)	248,387	225,806	10	241,706	225,806	7
Earnings per share attributable to the owners of the parent (Sen):						
- Basic	0.062	(1.395)	(>100)	1.029	(1.930)	(>100)
- Diluted	0.061	(1.385)	(>100)	1.022	(1.916)	(>100)

(The 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 2018 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Unaudited as at 31 Dec 2019 RM'000	Audited as at 31 Dec 2018 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	1,868	2,821
Investments in associates	749	-
Lease receivables	8,115	3,687
Right-of-use assets	358	-
Deferred Tax Asset	334	432
	<u>11,424</u>	<u>6,940</u>
CURRENT ASSETS		
Receivables, deposit & prepayments	11,202	12,212
Lease receivables	1,661	584
Inventory	1	6
Short term funds	8,922	11,219
Cash and bank balances	1,955	1,977
Current Tax Asset	321	230
	<u>24,062</u>	<u>26,228</u>
TOTAL ASSETS	<u>35,486</u>	<u>33,168</u>
EQUITY		
Share capital	44,557	42,005
Reserves	(13,052)	(15,679)
Equity attributable to the owners of the parent	<u>31,505</u>	<u>26,326</u>
TOTAL EQUITY	<u>31,505</u>	<u>26,326</u>
NON-CURRENT LIABILITIES		
Bank borrowing	428	509
Hire purchase payables	333	460
Lease liabilities	178	-
Deferred tax liabilities	2	2
	<u>941</u>	<u>971</u>
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	2,648	5,470
Hire purchase payables	126	125
Lease liabilities	192	-
Bank borrowing	74	74
Current tax liabilities	-	202
	<u>3,040</u>	<u>5,871</u>
TOTAL LIABILITIES	<u>3,981</u>	<u>6,842</u>
TOTAL EQUITY AND LIABILITIES	35,486	33,168
NET ASSETS PER SHARE (Sen)	12.68	11.66

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019

	Non-Distributable				Distributable	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	ESOS Reserve RM'000	Reorganisation Reserve RM'000	Retained Profits / (Loss) RM'000	
Current year-to-date ended 31 December 2019						
Balance as at 1 January 2019 ¹	42,005	-	83	(10,853)	(4,909)	26,326
Net profit for the period	-	-	-	-	2,486	2,486
Transactions with owners:						
Issuance of shares	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
Preceding year corresponding period ended 31 December 2018						
Balance as at 1 January 2018, as previously reported	42,005	-	-	(10,853)	1,577	32,729
Adjustments on initial application of MFRS 9 ²	-	-	-	-	(2,129)	(2,129)
Balance as at 1 January 2018, as restated	42,005	-	-	(10,853)	(552)	30,600
Net loss for the period	-	-	-	-	(4,357)	(4,357)
Transactions with owners:						
Share options vested under ESOS	-	-	83	-	-	83
Balance as at 31 December 2018	42,005	-	83	(10,853)	(4,909)	26,326

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.)

Note: ¹ The Group has adopted MFRS 16 on 1 January 2019. Under the transition method elected, comparative figure was not restated. The Group recognised lease liabilities in the statement of financial position based on the remaining payment obligations from existing operating lease which was discounted using the incremental borrowing rate; and opted for measure the right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of the prepaid or accrued lease payments. Accordingly, there is no impact to the accumulated losses of the Group as at 1 January 2019.

Note: ² The Group has adopted MFRS 15 and MFRS 9 on 1 January 2018. Under the transition method selected, cumulative impacts arising from the adoption of the new standards were adjusted to the retained profits of the Group as at 1 January 2018.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2019

	Current year to date 31 Dec 2019 RM'000	Preceding year to date 31 Dec 2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	2,949	(4,313)
Adjustments for:		
Depreciation of property, plant and equipment	993	1,100
Depreciation of right-of-use assets	183	-
Share options vested under ESOS	140	83
Interest expense	74	126
Income distribution received from short term funds	(348)	(466)
Interest from finance lease	(1,158)	(865)
Unrealised gain on foreign exchange	-	(139)
Impairment losses on receivables	523	2,935
Reversal of impairment losses on receivables	(1,798)	(109)
Bad debts written off	-	9
Gain on disposal of property, plant and equipment	-	(200)
Share of loss in an associate, net of tax	171	-
Operating profit / (loss) before working capital changes	<u>1,729</u>	<u>(1,839)</u>
Changes in working capital:		
Trade and other receivables	2,111	2,327
Inventory	5	10
Lease receivables	(4,472)	1,214
Trade and other payables	(1,222)	(2,326)
	<u>(3,578)</u>	<u>1,225</u>
Cash used in operations	(1,849)	(614)
Tax paid	(746)	(1,097)
Tax refund	53	-
NET CASH USED IN OPERATING ACTIVITIES	<u>(2,542)</u>	<u>(1,711)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(40)	(616)
Interest received	348	466
Proceeds from disposal of property, plant and equipment	-	400
Acquisition of interests in associates	(620)	-
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES	<u>(312)</u>	<u>250</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	(1,574)	(1,529)
Drawdown of hire purchase	-	539
Repayment of hire purchase payable	(125)	(41)
Interest on hire purchase	(22)	(7)
Repayment of term loan	(81)	(78)
Interest on term loan	(24)	(24)
Repayment of lease liabilities	(172)	-
Interest on lease liabilities	(19)	-
Proceeds from Private Placement	2,552	-
NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES	<u>535</u>	<u>(1,140)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,319)	(2,601)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	13,196	15,797
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CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	10,877	13,196
Cash and cash equivalents comprised the following:		
Cash and bank balances	1,955	1,977
Short term funds	8,922	11,219
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	10,877	13,196
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(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE THIRD (4th) QUARTER ENDED 31 DECEMBER 2019

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2019.

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.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018, 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

At the date of authorisation of these interim financial statements, the Group has adopted the following Standard of the MFRS Framework that were issued by the Malaysian Accounting Standards Board:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

MFRS 16 Leases

The Group adopted MFRS 16 on 1 January 2019.

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117 and did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using modified retrospective method and comparative figures are not restated.

(a) As a lessee

The Group leases many assets, including rental of property, colocation data centre, printing and photocopier machines.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under MFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and some leases of low-value assets (e.g. printing and photostat machines). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

Significant accounting policies

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

(b) As a lessor

The accounting policies applicable to the Group as a lessor are not different from those under MFRS 117.

The Group is not required to make any adjustments on transition to MFRS 16 for leases in which it acts as a lessor.

(c) Impact on adoption of MFRS 16

Statement of financial position

	As per previous accounting framework 31.12.2018 RM'000	Adoption of MFRS 16 RM'000	As per current accounting framework 1.1.2019 RM'000
Assets			
Right-of-use asset	-	541	541
Impact to assets	-	541	541
Liabilities			
Non-current lease liabilities		(370)	(370)
Current lease liabilities	-	(171)	(171)
Impact to liabilities	-	(541)	(541)
Equity			
Reserves (Accumulated losses)	(552)	-	(552)

The Group assesses whether a contract is or contains a lease based on the definition of a lease and related guidance set out in MFRS 16.

(d) Impacts for the period

As a result of initially applying MFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RM0.36 million of right-of-use assets and RM0.37 million of lease liabilities as at 31 December 2019.

Also in relation to those leases under MFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the twelve (12) months ended 31 December 2019, the Group recognised approximately RM183,000 of depreciation charges and approximately RM19,000 of interest costs from these leases.

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
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments 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>MFRS 17 Insurance Contracts</i>	1 January 2021

Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
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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 2018.

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

Save as disclosed below, there were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities in the Company during the quarter under review:

- (i) On 19 April 2019, the Company completed the private placement exercise which comprises of 22,580,600 new ordinary shares in the Company ("Placement Shares"). The Company allotted and issued the Placement Shares at an issue price of 11.30 sen. The new securities were granted listing and quotation on 19 April 2019 and SIB's paid up capital now stands at RM44,556,912 comprising 248,387,052 units of ordinary shares.

A8. Segmental information

For management purposes, the Group is organised into six (6) 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) Big Data Analytics
Provision of Big Data analytics services and related activities.
- (f) 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 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Segment revenue				
FinTech	1,067	1,219	3,936	3,952
IoT Solutions	575	-	1,150	3,862
GreenTech Solutions	3,820	55	8,011	600
Sharing Platform	589	829	2,398	3,929
Big Data Analytics	-	-	-	-
Others	-	-	-	-
Total revenue	6,051	2,103	15,495	12,343
Segment operating profit / (loss) before tax				
FinTech	(156)	794	787	2,153
IoT Solutions	740	(2,014)	3,712	(3,097)
GreenTech Solutions	277	(854)	754	(1,539)
Sharing Platform	183	(543)	782	813
Big Data Analytics	(285)	(578)	(1,474)	(1,265)
Others	(537)	(389)	(1,612)	(1,378)
Operating profit / (loss) before tax	222	(3,584)	2,949	(4,313)
			31 Dec 2019 RM'000	31 Dec 2018 RM'000
Segment Assets				
FinTech			5,083	4,572
IoT Solutions			1,150	1,220
GreenTech Solutions			17,171	5,811
Sharing Platform			5,475	12,278
Big Data Analytics			-	-
Others			5,951	8,625
Total Assets			34,830	32,506
Segment Liabilities				
FinTech			524	267
IoT Solutions			583	2,191
GreenTech Solutions			325	764
Sharing Platform			2,327	1,499
Big Data Analytics			-	-
Others			220	1,917
Total Liabilities			3,979	6,638

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

	3 months ended		12 months ended	
	31 Dec	31 Dec	31 Dec	31 Dec
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Malaysia	6,051	1,966	15,495	11,613
Bangladesh	-	137	-	730
Total	6,051	2,103	15,495	12,343

Year to date revenue from Malaysia contributed to 100% 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

1. Vast Meridian Sdn Bhd

On 4 April 2019, the Company entered into a share subscription and shareholders' agreement with Vast Meridian Sdn Bhd ("VMSB") to acquire up to 44.29% equity interest in VMSB for a purchase consideration of RM310,000.

Upon completion of the shares subscription, VMSB became an associate company of Sedania Group and the Company's equity interest in VMSB is accounted for using the equity method in the Company's financial statements in accordance with MFRS 128.

The highest percentage ratio pursuant to Paragraph 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad applicable to the transaction is less than 5%.

2. Esports Pte. Ltd.

On 3 October 2019, the Company entered into a share subscription agreement with iCandy Interactive Limited ("iCANDY") and Mr. Michael Broda to venture into electronic sports ("eSports") businesses through a newly incorporated special purpose vehicle called Esports Pte. Ltd. ("ESPL"). The Company invested a sum of SGD100,000 to own up to 42.55% equity interest in ESPL.

On 8 October 2019, the Company announced that iCANDY had nominated its wholly-owned subsidiary, iCandy Digital Pte. Ltd. to represent iCANDY's interest in the share subscription agreement.

Upon completion of the shares subscription, ESPL became an associate company of Sedania Group and the Company's equity interest in ESPL is accounted for using the equity method in the Company's financial statements in accordance with MFRS 128. There have been no transactions that have occurred in ESPL since its establishment.

The highest percentage ratio pursuant to Paragraph 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad applicable to the transaction is less than 5%.

Other than the above, there were no other material changes in the composition of the Group during the current financial 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. Related party transaction

Details of the relationship and transaction between the Company and its significant related party is described below:

Name of Company	Relationship
Esports Pte. Ltd. ("ESPL")	Common director and shareholder

Mr.Lau Kin Wai, the Independent Non-Executive Director of the Company is also the Non-Executive Director and Chairman of iCandy. He is also the controlling shareholder of iCandy via his direct interest and indirect interest through Fatfish Blockchain Limited. As such, Mr.Lau Kin Wai is deemed interested and a related party in the transaction with ESPL.

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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 2019 RM'000	31 Dec 2018 RM'000	Changes %	31 Dec 2019 RM'000	31 Dec 2018 RM'000	Changes %
Revenue	6,051	2,103	>100	15,495	12,343	26
Operating Profit / (Loss)	370	(3,508)	>100	3,194	(4,186)	>100
Profit / (Loss) Before Interest and Tax	370	(3,508)	>100	3,194	(4,186)	>100
Profit / (Loss) Before Tax	222	(3,584)	>100	2,949	(4,313)	>100
Profit / (Loss) After Tax & Attributable to Ordinary Equity Holders of the Parent	153	(3,149)	>100	2,486	(4,357)	>100

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

The Group recorded revenue of RM6.05 million, an increase of more than 100% for the current quarter under review ("4Q 2019") as compared to the preceding year's corresponding quarter's revenue of RM2.10 million ("4Q 2018"). The Group recorded an operating profit before tax of RM0.22 million in 4Q 2019 as compared to an operating loss before tax of RM3.58 million in 4Q 2018.

Profit after tax in 4Q 2019 was RM0.15 million as compared to a loss after tax of RM3.15 million in 4Q 2018. The improvement in performance was mainly due to increased revenue contributions from GreenTech and IoT segments in 4Q 2019 as compared to 4Q 2018.

(ii) Statement of Financial Position

As at 31 December 2019, total equity attributable to the owners of the Company was RM31.51 million as compared to RM26.33 million as at 31 December 2018.

Total assets as at 31 December 2019 increased by 6.99% to RM35.49 million from RM33.17 million as at 31 December 2018. The adoption of MFRS 16 during the year also resulted in higher assets and liabilities recognised in the current quarter's statement of financial position, mainly in Rights-of-use assets and Lease liabilities.

Total liabilities decreased by 41.82% to RM3.98 million from RM6.84 million as of 31 December 2019. The reduction in total liabilities were driven by the release of retention sum in respect of the FYE 2018 guaranteed profit and accrued interest of RM1.57 million for the purchase of SASC shares, as well as a reduction in trade and other payables of RM0.53 million.

(iii) Statement of Cash Flows

For the twelve (12) months ended 31 December 2019, the net cash used in operating activities of the Group was RM2.54 million as compared to net cash used in operating activities of RM1.71 million in the previous corresponding period in 2018.

Net cash used in investing activities was RM0.31 million in the twelve (12) months ended 31 December 2019, as compared to a net cash generated from investing activities of RM0.25 million in the previous corresponding period in 2018.

Net cash generated from financing activities was RM0.54 million during the period against RM1.14 million used for the corresponding period in 2018.

Overall cash and cash equivalents decreased by RM2.32 million as compared with opening cash and cash equivalents as at 1 January 2019. The cash and cash equivalents of the Group was RM10.88 million at 31 December 2019.

Segmental analysis

a. Current quarter ended 31 December 2019 (“4Q 2019”) compared with the previous corresponding quarter ended 31 December 2018 (“4Q 2018”):

FinTech

In 4Q 2019, FinTech segment revenue was RM1.07 million, a decrease of 12.47% as compared to 4Q 2018.

The segment recorded an operating loss before tax of RM0.16 million in the current quarter, as compared to a RM0.79 million profit in 4Q 2018. This was largely due to an increase in the segment’s general and administrative expenses largely due to its investment in new product called Assidq.com and core banking integrations, from RM0.36 million in Q4 2018 to RM1.02 million in Q4 2019.

IoT solutions

IoT solutions recorded a revenue of RM0.58 million in 4Q 2019 versus zero revenue in 4Q 2018.

The segment recorded an operating profit before tax of RM0.74 million in 4Q 2019 as compared to a segment operating loss before tax of RM2.01 million in 4Q 2018. This was largely contributed from the last tranche of litigation settlements received in 4Q 2019 recognised in Other Income. The details of the litigation settlements are disclosed under Note B8 below.

Green Technology solutions

The GreenTech segment recorded a revenue of RM3.82 million in 4Q 2019 as compared to RM0.06 million in 4Q 2018. This was due to a fresh roll-out of a GreenTech solutions contract with an existing partner in 4Q 2019.

The segment recorded an operating profit before tax of RM0.28 million in 4Q 2019 as compared to segment operating loss before tax of RM0.85 million in 4Q 2018.

Sharing platform

Sharing platform recorded a revenue of RM0.59 million in 4Q 2019, down 28.95% from the same period last year. Nevertheless, the segment recorded an improved operating profit before tax of RM0.18 million in 4Q 2019 as compared to RM0.54 million operating loss before tax in 4Q 2018. The improved operating profit before tax was due to a reversal of impairment loss arising from a collection of a trade receivable amounting to RM0.16 million which was provided for in FYE 2018.

During the quarter under review, the Sharing platform segment processed 4,249,380 number of successful transactions, a decrease of 38.62% as compared to 6,922,849 number of successful transactions in the same period last year.

Big Data Analytics

There is no operating revenue recorded from this segment in the current quarter under review.

The segment recorded an operating loss before tax of RM0.29 million in 4Q 2019 as compared to a segment operating loss of RM0.58 million in 4Q 2018. This was largely from common general and administrative expenses allocated on a reasonable basis to this segment.

Others

This segment comprises operations relating to investment holding company. The segment recorded a segment operating loss before tax of RM0.54 million in 4Q 2019 as compared to a segment operating loss of RM0.39 million in 4Q 2018.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Changes %
	31 Dec 2019 RM'000	30 Sep 2019 RM'000	
Revenue	6,051	3,649	66
Operating Profit Before Interest and Tax	370	1,268	(71)
Profit Before Tax	222	1,214	(82)
Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	153	1,078	(86)

Revenue for the quarter ended 31 December 2019 increased by RM2.40 million or 66%, while profit after tax decreased by RM0.93 million or 86% as compared to the immediate preceding quarter. The decrease in profit after tax in the current quarter was mainly due to an increase in marketing expenses for the FinTech segment for its new product and core banking integrations as well as an overall increase in impairment expenses recognised on trade and finance lease receivables.

B3. Prospects for 2020

The Board is encouraged by the Group's continuous positive contributions from the GreenTech segment and its new project that kicked off in the first quarter of 2019. The segment is expected to perform better in 2020.

The Group is also positive in its outlook of the FinTech segment. Coupled with steady growth in the number of As-Sidq transactions processed daily, the Group shall continue to develop and expand its foothold in this segment.

Nevertheless the Board of Directors is mindful of the challenging global business environment and cautiously optimistic of the Group's financial performance in the financial year 2020.

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 2019 RM'000	31 Dec 2018 RM'000	31 Dec 2019 RM'000	31 Dec 2018 RM'000
Tax expense recognised in profit or loss:				
Current tax provision	(29)	43	365	522
(Over) / Under provision prior year	-	(42)	-	(42)
	(29)	1	365	480
Deferred tax:				
Relating to origination of Temporary Difference	98	(436)	98	(436)
(Over) / Under provision prior year	-	-	-	-
Tax expense for the financial period	69	(435)	463	44

B6. Status of corporate proposals and Utilisation of Proceeds

(i) Status of corporate proposal

The Company had on 23 October 2017 announced the private placement exercise ("Private Placement") which entails the issuance of up to 22,580,600 new ordinary shares in the Company representing not more than ten percent (10%) of the enlarged issued share capital of the Company. Subsequently, the said corporate exercise was granted approval by Bursa Malaysia Securities Bhd. ("Bursa Securities") on 25 October 2017.

The said corporate exercise was granted further extension as per our announcements dated 4 April 2018 and 18 October 2018 by Bursa Securities to complete the implementation until 24 April 2019.

22,580,600 new ordinary shares were issued pursuant to the Private Placement at an issue price of 11.30 sen, and were subsequently listed and quoted on the ACE Market of Bursa Securities on 19 April 2019.

There are no other corporate proposals, which have been announced but not completed as of 25 February 2020, being the date of this report.

(ii) Utilisation of proceeds

The gross proceeds of RM2.552 million from the Private Placement exercise which was completed on 19 April 2019 were 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	%	
Capital Expenditure	500	249	Within 12 months	251	50%	(1)
Working capital	1,802	1,933	Within 12 months	(131)	-	(a) & (b)
Private Placement expenses	250	119	Within 1 month	131	-	(b)
Total gross proceeds	2,552	2,301		251	10%	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcement made by the Company dated 23 October 2017.

Explanation:

(1) The Group's FinTech online retail financing application portal and mobile application are still in progress.

Notes:

(a) The actual working capital incurred for GreenTech and IoT were higher than the amount allocated.

(b) The actual expenses incurred for the Private Placement was lower than the estimated expenses for the said exercise. The Company had incurred RM0.12 million for the Private Placement expenses, which was lower due to smaller placement proceeds received. Hence the balance of unutilised Private Placement proceeds of RM0.13 million has been re-allocated to working capital of the Group.

B7. Borrowings

The Group's borrowings as at 31 December 2019 are as follows:

	As at 4 th quarter ended 2019		
	Long term	Short term	Total
Secured – property term loan*	428	74	502
Unsecured – hire purchase payables**	333	126	459
	As at 4 th quarter ended 2018		
	Long term	Short term	Total
Secured – property term loan*	509	74	583
Unsecured - hire purchase payables**	460	125	585

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

**The hire purchase payables of the Group as at 31 December 2019 are for the Group's motor vehicles. The portion of the hire purchase due within one (1) year is classified as current liabilities.

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.

1. Kuala Lumpur High Court Civil Suit No. WA-22NCvC-405-06/2019 between Sedania Technologies Sdn. Bhd. (formerly known as IDOTTV Sdn. Bhd.) ("the Plaintiff") vs (1) Devices World Sdn. Bhd. ("1st Defendant") and (2) Cheah Hock Seng ("2nd Defendant")(collectively referred to as "the Defendants")

On 18 June 2019 the Company's wholly-owned subsidiary, Sedania Technologies Sdn. Bhd. (formerly known as Idottv Sdn. Bhd. ("STSB" or the "Plaintiff"), via its solicitors, Messrs. Murali B Pillai & Associates, filed a Writ of Summons together with a Statement of Claim, both dated 18 June 2019, against Devices World Sdn. Bhd. ("DWSB") as the First Defendant and Mr. Cheah Hock Seng ("Mr Cheah") as the Second Defendant.

DWSB was exclusively appointed by STSB to manufacture, supply and deliver the iSNET Fire Safety Portal ("iFSP") Devices ("Device") under a Supply Agreement dated 22 December 2016 ("the Agreement") for its intended purposes and use in STSB's 'Sistem Pengawasan Kebakaran Automatik' ("SPKA") project. Mr Cheah Hock Seng is the Guarantor in respect of the said Agreement.

Pursuant to the terms of the Agreement, STSB had placed several purchase orders to DWSB which the orders shall be delivered within the agreed period. However, DWSB had consistently delayed in delivering the orders which resulted in DWSB liable to pay STSB the late delivery penalties stipulated in the Agreement.

STSB then issued a Letter of Agreement dated 14 June 2017 ("LOA") to DWSB which DWSB undertook to strictly comply with the terms of the LOA until the order is completed and to further compensate STSB for any delay in addition to the available rights stated in the Agreement. Nevertheless, DWSB continued to delay in their delivery of the said Devices. Hence, the Agreement is terminated on 14 May 2019 and a Notice of Demand was issued to DWSB and the Guarantor on 21 May 2019. However, DWSB and/or the Guarantor had refused to make the payment.

Due to the above, STSB is claiming from the Defendants the following:

- (a) a sum of RM50,547,200.00 being the penalty and compensation for late delivery;
- (b) general and exemplary damages;
- (c) costs of this action be paid by the Defendant to the Plaintiff; and
- (d) further and/or other relief that the Court deems just and/or suitable and/or fair.

However, on 28 June 2019, a settlement was reached between the parties with the Defendants agreed to make a full and final settlement of RM4,000,000 of the Civil Suit and announced on 2 July 2019, in which:

- (a) The Defendants waived the RM2,039,180.30 owed by the Plaintiff; and
- (b) The balance sum i.e. RM1,960,819.70 shall be paid by the Defendants in three (3) instalments as follows:-
 1. RM490,204.92 (or 25% of the said Settlement Sum) to be paid on or before 31.07.2019;
 2. RM490,204.92 (or 25% of the said Settlement Sum) to be paid on or before 30.09.2019; and
 3. RM980,409.85 (or the balance 50% of the said Settlement Sum) to be paid on or before 30.12.2019.

Subsequently, upon receipt of the commitment to settle by the Defendants, STSB had withdrawn the Civil Suit on 5 July 2019.

Litigation settlement for instalment 1, 2 and 3 have been received on 1 August 2019, 30 September 2019 and 8 October 2019 respectively.

2. Kuala Lumpur High Court 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.

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 04.07.2017 and Contract Works Agreement dated 06.09.2017 ("IESB Contract").

PSTECH was then appointed by STSB as a sub-contractor via a Contract Works Agreement dated 06.09.2017 ("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 RM1,887,426.00 ("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 29.03.2019 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 RM 1,887,426.00 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.

Subsequently, the Defendants had through their solicitors, Messrs. Rafida Razak & Co, filed in their Statement of Defence on 24 January 2020. On Case Management date, 10 February 2020, the Court has directed the Plaintiff to file a reply or any application on/before 17 February 2020. The Plaintiff then appointed a new solicitor to act on behalf

of the Company, which the Plaintiff through their new solicitor, Messrs. Ram Reza & Muhammad, filed an Amended Statement of Claim on 17 February 2020.

As at this report date, STSB is still waiting for the Amended Statement of Defence from the Defendants.

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 profit/(loss) 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 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Profit / (Loss) attributable to the owners of the Company (RM'000)	153	(3,149)	2,486	(4,357)
Weighted average number of ordinary shares in issue ('000)	248,387	225,806	241,706	225,806
Basic earnings per share (sen)	0.062	(1.395)	1.029	(1.930)

(b) Diluted earnings per share

The diluted earnings per share are calculated by dividing the net 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 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Profit / (Loss) attributable to the owners of the Company (RM'000)	153	(3,149)	2,486	(4,357)
Weighted average number of ordinary shares in issue ('000)	248,387	225,806	241,706	225,806
Effect of dilution from share options ('000)	1,512	1,580	1,512	1,580
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	249,899	227,386	243,218	227,386
Diluted earnings per share (sen)	0.061	(1.385)	1.022	(1.916)

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 31 Dec 2019 RM'000	3 months ended 31 Dec 2018 RM'000	12 months ended 31 Dec 2019 RM'000	12 months ended 31 Dec 2018 RM'000
Depreciation and amortisation expenses	287	257	1,176	1,100
Finance lease interest income	(390)	(199)	(1,158)	(865)
(Gain) on disposal of fixed asset	-	-	-	(200)
(Gain)/Loss on foreign exchange				
- realised	-	19	-	130
- unrealised	-	(15)	-	(139)
Impairment loss on receivables	315	2,639	523	2,935
Income distribution received from short term funds	(72)	(117)	(348)	(466)
Interest expense	14	76	74	126
Litigation settlement received	(980)	-	(1,961)	-
Reversal of impairment loss on receivables	(167)	(109)	(1,798)	(109)
Waiver of creditor balance	-	-	(2,362)	-
Hibah/Others	(80)	-	(81)	(15)

By Order of the Board

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

Kuala Lumpur
 25 February 2020