



**SEDANIA INNOVATOR BERHAD**

(Company No. 1074350-A)

**(“SIB” OR THE “COMPANY”)**

**INTERIM FINANCIAL REPORT FOR THE  
SECOND (2nd) QUARTER ENDED 30 JUNE 2019**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019**

	<i>Quarter Ended</i>			<i>Year-To-Date Ended</i>		
	<b>30 June</b>	<b>30 June</b>	<b>Changes</b>	<b>30 June</b>	<b>30 June</b>	<b>Changes</b>
	<b>2019</b>	<b>2018</b>		<b>2019</b>	<b>2018</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Revenue	2,866	2,327	23	5,794	8,183	(29)
Other income	2,374	347	>100	3,022	755	>100
Administration expenses	(4,334)	(3,150)	(38)	(7,259)	(9,356)	22
Profit / (Loss) from operations	906	(476)	>100	1,557	(418)	>100
Finance costs	(23)	(8)	(50)	(44)	(16)	(>100)
Profit / (Loss) before taxation	883	(484)	>100	1,513	(434)	>100
Taxation	(129)	(210)	39	(258)	(237)	(9)
Net profit / (loss) for the period, representing total comprehensive income / (loss)	754	(694)	>100	1,255	(671)	>100
<b>NET PROFIT / (LOSS) ATTRIBUTABLE TO:</b>						
- Owners of the parent	754	(694)	>100	1,255	(671)	>100
- Non-controlling interests	-	-	-	-	-	-
	754	(694)	>100	1,255	(671)	>100
<b>TOTAL COMPREHENSIVE INCOME / (LOSS)</b>						
<b>ATTRIBUTABLE TO:</b>						
- Owners of the parent	754	(694)	>100	1,255	(671)	>100
- Non-controlling interests	-	-	-	-	-	-
	754	(694)	>100	1,255	(671)	>100
Weighted average number of ordinary shares ('000)	243,921	225,806	8	234,914	225,806	4
<b>Earnings per share attributable to owners of the parent (Sen):</b>						
- Basic	0.310	(0.307)	>100	0.535	(0.297)	(>100)
- Diluted	0.307	(0.307)	>100	0.531	(0.297)	(>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 30 JUNE 2019**

	Unaudited as at 30 June 2019 RM'000	Audited as at 31 December 2018 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSET</b>		
Property, plant and equipment	2,327	2,821
Lease receivables	3,687	3,687
Deferred Tax Asset	432	432
	6,446	6,940
<b>CURRENT ASSETS</b>		
Receivables, deposit & prepayments	12,073	12,212
Lease receivables	2,421	584
Right-of-use assets	429	-
Inventory	1	6
Short term funds	8,734	11,219
Cash and bank balances	3,440	1,977
Current Tax Asset	230	230
	27,328	26,228
<b>TOTAL ASSETS</b>	<b>33,774</b>	<b>33,168</b>
<b>EQUITY</b>		
Share capital	44,557	42,005
Reserves	(14,347)	(15,679)
Equity attributable to owners of the parent	30,210	26,326
<b>TOTAL EQUITY</b>	<b>30,210</b>	<b>26,326</b>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowing	469	509
Hire purchase payables	404	460
Deferred tax liabilities	2	2
	875	971
<b>CURRENT LIABILITIES</b>		
Payables, accruals & other current liabilities	2,294	5,470
Hire purchase payables	119	125
Bank borrowing	74	74
Current tax liabilities	202	202
	2,689	5,871
<b>TOTAL LIABILITIES</b>	<b>3,564</b>	<b>6,842</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>33,774</b>	<b>33,168</b>
<b>NET ASSETS PER SHARE (Sen)</b>	12.16	11.66

(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 CHANGES IN EQUITY FOR THE SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019**

	Non-Distributable				Distributable	Total Equity
	Share Capital	Share Premium	ESOS Reserve	Reorganisation Reserve	Retained Profits / (Loss)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Current year-to-date ended 30 June 2019</b>						
Balance as at 1 January 2019 <sup>1</sup>	42,005	-	83	(10,853)	(4,909)	26,326
Net profit for the period	-	-	-	-	1,255	1,255
<b>Transactions with owners:</b>						
Issuance of shares	2,552	-	-	-	-	2,552
Share options vested under ESOS	-	-	77	-	-	77
<b>Balance as at 30 June 2019</b>	<b>44,557</b>	<b>-</b>	<b>160</b>	<b>(10,853)</b>	<b>(3,654)</b>	<b>30,210</b>
<b>Preceding year corresponding period ended 30 June 2018</b>						
Balance as at 1 January 2018, as previously reported	42,005	-	-	(10,853)	1,577	32,729
Adjustments on initial application of MFRS 9 <sup>2</sup>	-	-	-	-	(2,129)	(2,129)
Balance as at 1 January 2018, as restated	42,005	-	-	(10,853)	(552)	30,600
Net loss for the period	-	-	-	-	(671)	(671)
<b>Balance as at 30 June 2018</b>	<b>42,005</b>	<b>-</b>	<b>-</b>	<b>(10,853)</b>	<b>(1,223)</b>	<b>29,929</b>

(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.)

Note: <sup>1</sup> 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: <sup>2</sup> 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 SECOND (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019**

	Current year to date 30 June 2019 RM'000	Preceding year to date 30 June 2018 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	1,513	(434)
Adjustments for:		
Depreciation of property, plant and equipment	508	563
Depreciation of right-of-use assets	88	-
ESOS Expenses	77	-
Interest expense	45	16
Income distribution received from short term funds	(195)	(234)
Interest from finance lease	(464)	(455)
Unrealised gain on foreign exchange	-	(123)
Impairment loss on receivables	188	9
Reversal of impairment loss on receivables	(1,227)	-
Operating profit / (loss) before working capital changes	533	(658)
Changes in working capital:		
Trade and other receivables	1,214	2,258
Inventory	5	7
Lease receivables	(1,410)	584
Trade and other payables	(2,042)	(1,216)
	(2,233)	1,633
Cash (used in) / generated from operations	(1,700)	975
Tax paid	(258)	(237)
<b>NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES</b>	(1,958)	738
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(14)	(12)
Interest received	195	235
<b>NET CASH FROM INVESTING ACTIVITIES</b>	181	223
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment to holding company in respect of profit guarantee and accrued interest	(1,574)	(1,500)
Repayment of hire purchase payable	(62)	(12)
Interest on hire purchase	(12)	(2)
Repayment of term loan	(40)	(38)
Interest on term loan	(13)	(14)
Repayment of lease liabilities	(84)	-
Interest on lease liabilities	(11)	-
Proceeds from Private Placement	2,552	-
<b>NET CASH FROM / (USED IN) FINANCING ACTIVITIES</b>	756	(1,566)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(1,021)	(605)

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<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	13,195	15,797
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	12,174	15,192
<b>Cash and cash equivalents comprised the following:</b>		
Cash and bank balances	3,440	2,175
Short term funds	8,734	13,017
	12,174	15,192

(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.)

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE SCQD (2<sup>nd</sup>) QUARTER ENDED 30 JUNE 2019**

**A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 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:

<b>Title</b>	<b>Effective Date</b>
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 separately in the statement of financial position.

The Group presents lease liabilities in 'Other current liabilities' in the statement of financial position

(i) 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 include 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
<b>Assets</b>			
Right-of-use asset	-	517	517
Impact to assets	-	517	517
<b>Liabilities</b>			
Lease liabilities	-	(517)	(517)
Impact to liabilities	-	(517)	(517)
<b>Equity</b>			
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 RM0.43 million of right-of-use assets and RM0.43 million of lease liabilities as at 30 June 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 six months ended 30 June 2019, the Group recognised approximately RM88,000 of depreciation charges and approximately RM11,000 of interest costs from these leases.

Standards issued but not yet effective

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

<b>Title</b>	<b>Effective Date</b>
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128 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 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 comprise 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**

The segmental information of the Group are presented by operating segments as follows:

- (a) Financial Technology (“FinTech”)
  - Provision of financial technology solutions for 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 a sustainable and environmentally friendly product 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		6 months ended	
	30 Jun 2019 RM’000	30 Jun 2018 RM’000	30 Jun 2019 RM’000	30 Jun 2018 RM’000
<b>Segment revenue</b>				
FinTech	976	799	1,794	1,652
IoT Solutions	-	-	-	3,862
GreenTech Solutions	1,288	436	2,780	490
Sharing Platform	602	1,092	1,220	2,179
Big Data Analytics	-	-	-	-
Others	-	-	-	-
<b>Total revenue</b>	<b>2,866</b>	<b>2,327</b>	<b>5,794</b>	<b>8,183</b>
<b>Segment operating profit / (loss) before tax</b>				
FinTech	306	329	550	729
IoT Solutions	1,509	(474)	236	(590)
GreenTech Solutions	(7)	(120)	3,397	(433)
Sharing Platform	(32)	477	(1,078)	925
Big Data Analytics	(465)	(372)	(858)	(374)
Others	(428)	(324)	(734)	(691)
<b>Operating profit / (loss) before tax</b>	<b>883</b>	<b>(484)</b>	<b>1,513</b>	<b>(434)</b>

	<b>30 Jun 2019 RM'000</b>	<b>30 Jun 2018 RM'000</b>
<b>Segment Assets</b>		
FinTech	5,131	3,876
IoT Solutions	-	6,854
GreenTech Solutions	7,964	8,415
Sharing Platform	13,526	10,527
Big Data Analytics	-	200
Others	6,491	10,040
<b>Total Assets</b>	<b>33,112</b>	<b>39,912</b>
<b>Segment Liabilities</b>		
FinTech	389	290
IoT Solutions	151	4,508
GreenTech Solutions	306	-
Sharing Platform	2,221	687
Big Data Analytics	-	-
Others	293	1,726
<b>Total Liabilities</b>	<b>3,360</b>	<b>7,211</b>

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

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30 Jun 2019 RM'000</b>	<b>30 Jun 2018 RM'000</b>	<b>30 Jun 2019 RM'000</b>	<b>30 Jun 2018 RM'000</b>
Malaysia	2,866	2,126	5,794	7,747
Bangladesh	-	201	-	436
<b>Total</b>	<b>2,866</b>	<b>2,327</b>	<b>5,794</b>	<b>8,183</b>

Year to date revenue from Malaysia contributed 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**

There were no changes in the composition of the Group for 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. Related party transaction**

There was no related party transaction entered into with related parties 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 Group's financial performance

	3 months ended			6 months ended		
	30 Jun 2019 RM'000	30 Jun 2018 RM'000	Changes %	30 Jun 2019 RM'000	30 Jun 2018 RM'000	Changes %
Revenue	2,866	2,327	23	5,794	8,183	(29)
Operating Profit / (Loss)	906	(476)	>100	1,557	(418)	>100
Profit / (Loss) Before Interest and Tax	906	(476)	>100	1,557	(418)	>100
Profit / (Loss) Before Tax	883	(484)	>100	1,513	(434)	>100
Profit / (Loss) After Tax & Attributable to Ordinary Equity Holders of the Parent	754	(694)	>100	1,255	(671)	>100

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

The Group recorded revenue of RM2.87 million, an increase of approximately 23% for the current quarter under review (2Q 2019) as compared to the preceding year's corresponding quarter revenue of RM2.33 million (2Q 2018). The Group recorded an operating profit before tax of RM0.91 million in 2Q 2019 as compared to an operating loss before tax of RM0.48 million in 2Q 2018. Profit after tax in 2Q 2019 is RM0.75 million as compared to a loss after tax of RM0.69 million in 2Q 2018. The improvement in performance is mainly due to increased revenue contributions from GreenTech and FinTech segments in 2Q 2019 as compared to 2Q 2018.

(ii) Statement of Financial Position

As at 30 June 2019, total equity attributable to the owners of the Company was RM30.21 million as compared to RM26.33 million as at 31 December 2018. During the quarter, the Company completed the listing and quotation of up to 10% of the total issued shares in SIB through a private placement. Total number of new shares issued is 22,580,600 resulting in an increase in share capital from RM42.00 million to RM44.56 million.

Total assets increased by 1.81% to RM33.77 million from RM33.17 million as at 30 June 2019. The adoption of MFRS 16 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 47.91% to RM3.56 million from RM6.84 million as at 30 June 2019. The reduction in total liabilities is driven by the final payment of profit guarantee and accrued interest of RM1.57 million for the purchase of SASC shares during the year, as well as a reduction in trade and other payables of RM2.04 million.

(iii) Statement of Cash Flows

For the six (6) months ended 30 June 2019, the net cash used in operating activities of the Group was RM1.96 million as compared to net cash generated from operating activities of RM0.74 million in the previous corresponding period in 2018.

Net cash arising from investing activities was RM0.18 million in the six (6) months ended 30 June 2019, as compared to a net cash arising in investing activities of RM0.22 million in the previous corresponding period in 2018.

Net cash generated in financing activities was RM0.76 million during the period against RM1.57 million used for the corresponding period in 2018.

Overall cash and cash equivalents decreased by RM1.02 million as compared with opening cash and cash equivalents as at 1 January 2019. The cash and cash equivalents of the Group was RM12.17 million at 30 June 2019.

Segmental analysis

**a. Current quarter ended 30 June 2019 (“2Q 2019”) compared with the previous corresponding quarter ended 30 June 2018 (“2Q 2018”):**

FinTech

In 2Q 2019, FinTech segment revenue was RM0.98 million, an increase of 22.15% as compared to RM0.80 million in 2Q 2018. This was largely affected by a 29.64% increase in the number of As-Sidq transactions processed in the current quarter under review.

The segment recorded a reduction in operating profit before tax in the current quarter, from RM0.33 million in 2Q 2018 to RM0.31 million 2Q 2019. This was due to an increase in segment staff costs and overheads, from RM0.33 million in Q2 2018 to RM0.49 million in Q2 2019.

IoT solutions

There was no revenue from this segment in 2Q 2019.

However, the segment recorded an operating profit before tax of RM1.51 million in 2Q 2019 as compared to a segment operating loss before tax of RM0.47 million in 2Q 2018. This was due to a waiver of liability resulting in savings recognised as other income in 2Q 2019.

Green Technology solutions

The GreenTech segment recorded a revenue of RM1.29 million in 2Q 2019 as compared to RM0.44 million in 2Q 2018. This is a continuation of the existing contract with a partner for GreenTech solutions for a financial institution.

However, due to expected credit losses recognised on a prudent basis, the segment recorded an operating loss before tax in the current quarter of RM0.01 million as compared to a segment operating loss before tax of RM0.12 million in 2Q 2018.

Sharing platform

Sharing platform recorded a 2Q 2019 revenue of RM0.60 million which represents a 44.87% decline, compared to 2Q 2018 revenue of RM1.09 million. In 2Q 2019, the segment recorded an operating loss before tax of RM0.03 million as compared to segment operating profit before tax of RM0.48 million in 2Q 2018.

During the quarter under review, the Sharing platform segment processed 4,390,782 number of successful transactions, a decrease of 47.77% as compared to 8,407,300 number of successful transactions in 2Q 2018.

Big Data Analytics

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

The segment recorded an operating loss before tax of RM0.47 million in 2Q 2019 as compared to a segment operating loss of RM0.37 million in 2Q 2018. This was due to common operating expenses allocated on a reasonable basis to this segment amounting to RM0.40 million.

Others

This segment comprises operations relating to investment holding. The segment recorded a segment operating loss before tax of RM0.43 million in 2Q 2019 as compared to a segment operating loss of RM0.32 million in 2Q 2018. Marginal increase in operating loss in the current quarter was due to the private placement expenses incurred amounting to RM0.07 million.

**B2. Comparison with immediate preceding quarter's results**

	Quarter ended		Changes %
	30 Jun 2019 RM'000	31 Mar 2019 RM'000	
Revenue	2,866	2,928	(2)
Operating Profit Before Interest and Tax	906	652	39
Profit Before Tax	883	630	40
Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	754	501	51

Revenue for the quarter decreased by 2% as compared to the immediate preceding quarter as a result of lower revenue contribution from GreenTech solutions and Sharing Platform in the current quarter under review.

The Group recorded a profit before tax of RM0.91 million for the current quarter under review as compared to a profit before tax of RM0.63 million in the immediate preceding quarter. Profit after tax amounts to RM0.75 million as compared to profit after tax of RM0.50 million in the immediate preceding quarter mainly due to savings recognised as other income as a result of the cancellation of liability with an IoT creditor.



**B3. Prospects for 2019**

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 the current year as compared to the prior year.

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.

Nonetheless, the Group aims to improve the 2019 results further by continuously seeking new revenue streams through new product developments and project acquisitions. The Group will also take measures to improve the performance of the Group and ensure better efficiency.

The Board of Directors is mindful of the challenging business environment and cautiously optimistic of the Group’s financial performance for the current financial year.

**B4. Profit forecast**

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

**B5. Taxation**

	3 months ended		6 months ended	
	30 Jun	30 Jun	30 Jun	30 Jun
	2019	2018	2019	2018
	RM’000	RM’000	RM’000	RM’000
Tax expense recognized in profit or loss:				
Current tax provision	129	210	258	237
Tax expense for the financial period	129	210	258	237

**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 were granted approval by Bursa Malaysia Securities Bhd. (“Bursa Securities”) on 25 October 2017.

The said corporate exercise were 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 at 27 August 2019, 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	57	Within 12 months	443	88%	(1)
Working capital	1,802	1,933	Within 12 months	(131)	-	(a) & (b)
Private Placement expenses	250	119	Within 1 month	131	-	(b)
<b>Total gross proceeds</b>	<b>2,552</b>	<b>2,109</b>		<b>443</b>	<b>17%</b>	

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. Placement fee incurred was lower due to smaller placement proceeds received. The Company had incurred RM0.12 million for the the Private Placement expenses, which was financed via internally generated funds of RM0.05 million prior to 19 April 2019 and RM0.07 million from the proceeds raised from the Private Placement. 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 30 June 2019 are as follows:

	As at 2 <sup>nd</sup> quarter ended 2019		
	Long term	Short term	Total
Secured – property term loan*	469	74	543
Unsecured – hire purchase payable**	404	119	523

	As at 2 <sup>nd</sup> quarter ended 2018		
	Long term	Short term	Total
Secured – property term loan*	548	74	622
Unsecured - hire purchase payable**	56	19	75

\*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 30 June 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

SIB had announced on 18 June 2019 that its 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 iNET 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 result 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 parties with the Defendants agreed to make a full and final settlement of RM4,000,000 of the above mentioned 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.

Payment for the first 25% of the Settlement Sum amounting to RM490,204.92 has been received on 1 August 2019.

**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		6 months ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Profit attributable to owners of the Company (RM'000)	754	(694)	1,255	(671)
Weighted average number of ordinary shares in issue ('000)	243,921	225,806	234,914	225,806
Basic earnings per share (sen)	0.310	(0.307)	0.535	(0.297)

- (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		6 months ended	
	30 Jun 2019	30 Jun 2018	30 Jun 2019	30 Jun 2018
Profit attributable to owners of the Company (RM'000)	754	(694)	1,255	(671)
Weighted average number of ordinary shares in issue ('000)	243,921	225,806	234,914	225,806
Effect of dilution from share options ('000)	1,664	-	1,664	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	245,585	225,806	236,578	225,806
Diluted earnings per share (sen)	0.307	(0.307)	0.531	(0.297)

**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	6 months ended	6 months ended
	30 Jun 2019 RM'000	30 Jun 2018 RM'000	30 Jun 2019 RM'000	30 Jun 2018 RM'000
Depreciation and amortisation expenses	340	281	595	563
(Gain)/Loss on foreign exchange				
- realised	-	-	-	-
- unrealised	-	-	-	123
Impairment loss on receivables	22	9	189	9
Reversal of impairment loss on receivables	-	-	(1,227)	-
Income distribution received from short term funds	(93)	(114)	(195)	(234)
Interest expense	23	8	45	16

**SEDANIA INNOVATOR BERHAD** (Company No. 1074350-A)

By Order of the Board

**CHUA SIEW CHUAN (MAICSA 0777689)**

**CHENG CHIA PING (MAICSA 1032514)**

Company Secretaries

Kuala Lumpur

27 August 2019