



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

**INTERIM FINANCIAL REPORT FOR THE
FIRST (1st) QUARTER ENDED 31 MARCH 2020**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1st) QUARTER ENDED 31 MARCH 2020

	<i>Quarter Ended</i>			<i>Year-To-Date Ended</i>		
	31 Mar 2020 RM'000	31 Mar 2019 RM'000	Changes %	31 Mar 2020 RM'000	31 Mar 2019 RM'000	Changes %
Revenue	2,777	2,928	(5)	2,777	2,928	(5)
Other income	586	1,875	(69)	586	1,875	(69)
Cost of sales	(1,233)	(1,345)	8	(1,233)	(1,345)	8
Administration expenses	(3,391)	(2,806)	21	(3,391)	(2,806)	21
(Loss) / Profit from operations	(1,261)	652	(>100)	(1,261)	652	(>100)
Finance costs	(15)	(22)	32	(15)	(22)	32
Share of result of associates, net of tax	(410)	-	(>100)	(410)	-	(>100)
(Loss) / Profit before taxation	(1,686)	630	(>100)	(1,686)	630	(>100)
Taxation	(136)	(129)	(5)	(136)	(129)	(5)
Net (loss) / profit for the period, representing total comprehensive (loss) / income	(1,822)	501	(>100)	(1,822)	501	(>100)
NET (LOSS) / PROFIT ATTRIBUTABLE TO:						
- Owners of the parent	(1,822)	501	(>100)	(1,822)	501	(>100)
- Non-controlling interests	-	-	-	-	-	-
	(1,822)	501	(>100)	(1,822)	501	(>100)
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO:						
- Owners of the parent	(1,822)	501	(>100)	(1,822)	501	(>100)
- Non-controlling interests	-	-	-	-	-	-
	(1,822)	501	(>100)	(1,822)	501	(>100)
Weighted average number of ordinary shares ('000)	249,706	225,806	11	249,706	225,806	11
(Loss) / Earnings per share attributable to the owners of the parent (Sen):						
- Basic	(0.73)	0.22	(>100)	(0.73)	0.22	(>100)
- Diluted	(0.73)	0.22	(>100)	(0.73)	0.22	(>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 MARCH 2020

	Unaudited as at 31 Mar 2020 RM'000	Audited as at 31 Dec 2019 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	1,262	1,384
Investments in associates	339	749
Lease receivables	7,400	8,115
Right-of-use assets	765	842
Deferred Tax Asset	334	334
	<u>10,100</u>	<u>11,424</u>
CURRENT ASSETS		
Receivables, deposit & prepayments	11,675	11,203
Lease receivables	2,045	1,661
Inventory	4	1
Short term funds	7,416	8,922
Cash and bank balances	2,011	1,954
Current Tax Asset	321	321
	<u>23,472</u>	<u>24,062</u>
TOTAL ASSETS	<u>33,572</u>	<u>35,486</u>
EQUITY		
Share capital	45,138	44,557
Reserves	(15,061)	(13,052)
Equity attributable to the owners of the parent	<u>30,077</u>	<u>31,505</u>
TOTAL EQUITY	<u>30,077</u>	<u>31,505</u>
NON-CURRENT LIABILITIES		
Bank borrowing	396	417
Lease liabilities	429	507
Deferred tax liabilities	2	2
	<u>827</u>	<u>926</u>
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	2,265	2,647
Lease liabilities	318	323
Bank borrowing	85	85
Current tax liabilities	-	-
	<u>2,668</u>	<u>3,055</u>
TOTAL LIABILITIES	<u>3,495</u>	<u>3,981</u>
TOTAL EQUITY AND LIABILITIES	33,572	35,486
NET ASSETS PER SHARE (Sen)	12.04	11.90

(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 FIRST (1st) QUARTER ENDED 31 MARCH 2020

	<-----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 March 2020						
Balance as at 1 January 2020	44,557	-	224	(10,853)	(2,423)	31,505
Net loss for the period	-	-	-	-	(1,822)	(1,822)
Transactions with owners:						
Issuance of ordinary shares arising from:						
- exercise of ESOS	581	-	(222)	-	-	359
Share options vested under ESOS	-	-	35	-	-	35
Balance as at 31 March 2020	45,138	-	37	(10,853)	(4,245)	30,077
Preceding year corresponding period ended 31 March 2019						
Balance as at 1 January 2019, as previously reported	42,005	-	83	(10,853)	(4,908)	26,327
Net profit for the period	-	-	-	-	501	501
Transactions with owners:						
Share options vested under ESOS	-	-	38	-	-	38
Balance as at 31 March 2019	42,005	-	121	(10,853)	(4,407)	26,866

(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 FIRST (1st) QUARTER ENDED 31 MARCH 2020

	Current year to date 31 Mar 2020 RM'000	Preceding year to date 31 Mar 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(1,686)	630
Adjustments for:		
Depreciation of property, plant and equipment	206	255
Depreciation of right-of-use assets	43	-
Share options vested under ESOS	35	38
Interest expense on term loan	11	22
Interest expense on lease liabilities	4	-
Income distribution received from short term funds	(64)	(102)
Interest from finance lease	(378)	(223)
Impairment losses on receivables	620	166
Reversal of impairment losses on receivables	-	(1,227)
Share of loss in an associate, net of tax	410	-
Operating loss before working capital changes	(799)	(441)
Changes in working capital:		
Trade and other receivables	(732)	2,799
Inventory	(3)	5
Lease receivables	349	(842)
Trade and other payables	(383)	(202)
	(769)	1,760
Cash used in operations	(1,568)	1,319
Tax paid	(136)	(102)
NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES	(1,704)	1,217
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(51)	(10)
Interest received	64	102
NET CASH GENERATED FROM INVESTING ACTIVITIES	13	92
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	-	(1,574)
Repayment of term loan	(25)	(20)
Interest on term loan	(11)	(5)
Repayment of lease liabilities	(78)	(31)
Interest on lease liabilities	(4)	(7)
Proceeds from issuance of shares arising from:		
- exercise of ESOS	359	-
NET CASH FROM / (USED IN) FINANCING ACTIVITIES	241	(1,637)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,450)	(328)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	10,877	13,196

CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	9,427	12,868
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Cash and cash equivalents comprised the following:

Cash and bank balances	2,011	2,326
Short term funds	7,416	10,542
	<u>9,427</u>	<u>12,868</u>

(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 FIRST (1st) QUARTER ENDED 31 MARCH 2020

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

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

The adoption of the above did not have any significant effects on the interim financial report upon their initial application.

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>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2022
<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 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

	Share Capital (Issued and Fully Paid)	
	Number of Ordinary Shares '000	Amount RM'000
As at 1.1.2020	248,387	44,557
New ordinary shares issued arising from:		
- Exercise of ESOS options	2,805	581
As at 31.3.2020	<u>251,192</u>	<u>45,138</u>

During the 3-month period ended 31 March 2020, the Company has:

(a) Issued new ordinary shares in the following manner:

	Issue Price	No. of Shares
Exercise of ESOS options	RM0.128	2,804,600

As at 31 March 2020, the total number of ESOS which remained unexercised was 2,475,400 (31.12.2019: 5,280,000).

Other than as disclosed above, there has been no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter.

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		3 months ended	
	31 Mar 2020 RM’000	31 Mar 2019 RM’000	31 Mar 2020 RM’000	31 Mar 2019 RM’000
Segment revenue				
FinTech	1,102	818	1,102	818
IoT Solutions	2	-	2	-
GreenTech Solutions	1,082	1,493	1,082	1,493
Sharing Platform	591	617	591	617
Others	-	-	-	-
Total revenue	2,777	2,928	2,777	2,928
Segment operating (loss) / profit before tax				
FinTech	24	244	24	244
IoT Solutions	(614)	767	(614)	767
GreenTech Solutions	(258)	283	(258)	283
Sharing Platform	(90)	36	(90)	36
Others	(748)	(700)	(748)	(700)
Operating (loss) / profit before tax	(1,686)	630	(1,686)	630

	31 Mar 2020 RM’000	31 Mar 2019 RM’000
Segment Assets		
FinTech	5,205	4,885
IoT Solutions	575	-
GreenTech Solutions	18,081	7,222

Sharing Platform	4,675	12,375
Others	4,381	6,771
Total Assets	32,917	31,253
Segment		
Liabilities		
FinTech	489	401
IoT Solutions	427	2,190
GreenTech Solutions	272	340
Sharing Platform	2,114	1,552
Others	192	363
Total Liabilities	3,494	4,846

All revenue is generated in Malaysia.

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			3 months ended		
	31 Mar 2020 RM'000	31 Mar 2019 RM'000	Changes %	31 Mar 2020 RM'000	31 Mar 2019 RM'000	Changes %
Revenue	2,777	2,928	<5	2,777	2,928	<5
Operating (Loss) / Profit	(1,261)	652	(>100)	(1,261)	652	(>100)
(Loss) / Profit Before Interest and Tax	(1,261)	652	(>100)	(1,261)	652	(>100)
(Loss) / Profit Before Tax	(1,686)	630	(>100)	(1,686)	630	(>100)
(Loss) / Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	(1,822)	501	(>100)	(1,822)	501	(>100)

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

The Group recorded a revenue of RM2.77 million, a decrease of 5% for the current quarter under review ("1Q 2020") as compared to the preceding year's corresponding quarter revenue of RM2.93 million ("1Q 2019"). The Group recorded an operating loss before tax of RM1.69 million in 1Q 2020 as compared to an operating profit before tax of RM0.63 million in 1Q 2019.

Loss after tax in 1Q 2020 was RM1.82 million as compared to a profit after tax of RM0.50 million in 1Q 2019. The adverse performance was mainly due to unfavourable results from all business segments, coupled with a non-cash impairment of RM0.62 million made on certain trade and finance lease receivables as a prudent practice for MFRS 9, as well as a share of loss of associates amounting to RM0.41 million in the current quarter under review.

(ii) Statement of Financial Position

As at 31 March 2020, total equity attributable to the owners of the Company was RM30.08 million as compared to RM31.51 million as at 31 December 2019.

Total assets as at 31 March 2020 decreased by 5.39% to RM33.57 million from RM35.49 million as at 31 December 2019 mainly due to reduction in cash and cash equivalents during the quarter.

Total liabilities decreased by 12.21% to RM3.50 million from RM3.98 million as of 31 March 2020. The reduction in total liabilities was driven mainly by a reduction in trade and other payables during the quarter.

(iii) Statement of Cash Flows

For the three (3) months ended 31 March 2020, the net cash used in operating activities of the Group was RM1.70 million as compared to net cash generated from operating activities of RM1.22 million in the previous corresponding period in 2019.

Net cash used from investing activities was RM0.01 million in the three (3) months ended 31 March 2020, as compared to a net cash generated from investing activities of RM0.09 million in the previous corresponding period in 2019.

Net cash generated in financing activities was RM0.24 million during the period against RM1.64 million used for the corresponding period in 2019.

Overall cash and cash equivalents decreased by RM1.45 million as compared with opening cash and cash equivalents as at 1 January 2020. The cash and cash equivalents of the Group was RM9.43 million at 31 March 2020.

Segmental analysis

a. Current quarter ended 31 March 2020 (“1Q 2020”) compared with the previous corresponding quarter ended 31 March 2019 (“1Q 2019”):

FinTech

In 1Q 2020, FinTech segment revenue was RM1.10 million, an increase of 34.72% as compared to 1Q 2019. The segment processed 30,873 successful commodity trade performed under its As-Sidq platform, as compared to 22,179 successful commodity trade performed in 1Q 2019.

Nevertheless, the segment recorded a lower operating profit before tax of RM0.02 million in the current quarter, as compared to a RM0.24 million profit in 1Q 2019. This was largely due to an increase of the overall operating expenses to RM0.71 million in 1Q 2020 as compared to RM0.38 million in 1Q 2019.

IoT solutions

IoT solutions recorded a revenue of approximately RM2,000 in 1Q 2020 from a small order for its fire safety product.

The segment recorded an operating loss before tax of RM0.61 million in 1Q 2020 as compared to a segment operating profit before tax of RM0.77 million in 1Q 2019. Common operating expenses allocated on a reasonable basis to this segment in the current quarter under review amounting to RM0.60 million.

Green Technology solutions

The GreenTech segment recorded a revenue of RM1.08 million in 1Q 2020 as compared to RM1.49 million in 1Q 2019. This was largely contributed from two (2) fresh roll-outs of a GreenTech solutions contract with an existing partner in 1Q 2020.

The segment recorded an operating loss before tax of RM0.26 million in 1Q 2020 as compared to segment operating profit before tax of RM0.28 million in 1Q 2019.

Sharing platform

Sharing platform recorded a revenue of RM0.59 million in 1Q 2020, down 4.21% from the same period last year. The segment recorded an operating loss before tax of RM0.09 million in 1Q 2020 as compared to RM0.04 million operating profit before tax in 1Q 2019.

During the quarter under review, the Sharing platform segment processed 4,071,931 number of successful transactions, a decrease of 10.76% as compared to 4,562,922 number of successful transactions in the same period last year.

Others

This segment comprises operations relating to investment holding company. The segment recorded a segment operating loss before tax of RM0.75 million in 1Q 2020 as compared to a segment operating loss of RM 0.70 million in 1Q 2019. This was mainly due to share of loss in associates amounting to RM0.41 million in the quarter under review.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Changes %
	31 Mar 2020 RM'000	31 Dec 2019 RM'000	
Revenue	2,777	6,051	<61
Operating (Loss) / Profit Before Interest and Tax	(1,621)	387	<88
(Loss) / Profit Before Tax	(1,686)	313	<89
(Loss) / Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	(1,822)	157	<94

Revenue for the quarter ended 31 March 2020 decreased by RM3.27 million or 61%, as compared to the immediate preceding quarter. Higher recognition of finance lease income for GreenTech segment was made in the immediate preceding quarter as compared to the current quarter under review.

The Group recorded a loss after tax of RM1.82 million as compared to profit after tax of RM0.16 million in the immediate preceding quarter. The adverse performance was mainly due to the unfavourable results from all business segments, coupled with a non-cash impairment of RM0.62 million made on certain trade and finance lease receivables as a prudent practice for MFRS 9, as well as a share of loss of associates amounting to RM0.41 million in the current quarter under review.

B3. Prospects for 2020

The ongoing Coronavirus Disease ("Covid-19") pandemic has posed an unprecedented challenge to the global economy. The economy is also affected due to the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector. The uncertainties in both the global and local markets are anticipated to continue in 2020.

To contain the spread of Covid-19, Malaysia has implemented a Movement Control Order ("MCO") that has affected all economic activities since 18 March 2020. On 10 May 2020, the Conditional MCO (CMCO) has been extended to 9 June 2020 under the advice of the Ministry of Health and the National Security Council. The immediate priority of the Board is to work with Management to focus on implementation of business contingency plan to salvage the lost time due to the MCO and CMCO, in order to minimise the financial impact to the Group. The Group has also begun implementing several immediate actions with regard to effective cost management and optimisation of resources during this difficult business climate.

The Group anticipates that the effects of Covid-19, if any, would be recognised in the financial statements for the financial year ending 31 December 2020. The effects of Covid-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as

expected credit losses of financial assets and impairment assessments of assets (property, plant and equipment and investments in subsidiaries and associates).

Nevertheless, the Board of Directors is mindful of the challenges of the ‘new normal’ and remain committed to seek opportunities for business growth and looking for new segments and markets to penetrate in order to deliver maximum value to the Group’s stakeholders.

B4. Profit forecast

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

B5. Taxation

	3 months ended		3 months ended	
	31 Mar 2020 RM’000	31 Mar 2019 RM’000	31 Mar 2020 RM’000	31 Mar 2019 RM’000
Tax expense recognised in profit or loss:				
Current tax provision	136	129	136	129
	<hr/>	<hr/>	<hr/>	<hr/>
	136	129	136	129
Deferred tax:				
Relating to origination of Temporary Difference (Over) / Under provision prior year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Tax expense for the financial period	136	129	136	129

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	496	Within 12 months	4	1%	(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	2,548		4	1%	

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 the end of this financial period are as follows:

	31 Mar 2020 RM'000	31 Dec 2019 RM'000
Current liabilities		
Term loan (secured)	85	85
	<u>85</u>	<u>85</u>
Non-current liabilities		
Term loan (secured)	396	417
	<u>396</u>	<u>417</u>
Total borrowings	<u>481</u>	<u>502</u>

*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.

1. 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.

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.

As at 5 May 2020, Court has directed Parties to:

- (a) For the Plaintiff to file and serve Affidavit in Support to the Defendants on/before 15 May 2020;
- (b) For the Defendants to file and serve Affidavit in Reply to the Plaintiff on/before 29 May 2020;
- (c) For the Plaintiff to file and serve further Affidavit in Reply to the Defendants on/before 12 June 2020; and
- (d) For Parties to attend court for Case Management on 16 June 2020.

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		3 months ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
(Loss) / Profit attributable to the owners of the Company (RM'000)	(1,822)	501	(1,822)	501
Weighted average number of ordinary shares in issue ('000)	249,706	225,806	249,706	225,806
Basic (loss) / earnings per share (sen)	(0.73)	0.22	(0.73)	0.22

(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").

(b) Diluted earnings per share (cont'd)

	3 months ended		3 months ended	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
(Loss) / Profit attributable to the owners of the Company (RM'000)	(1,822)	501	(1,822)	501
Weighted average number of ordinary shares in issue ('000)	249,706	225,806	249,706	225,806
Effect of dilution from share options ('000)	993	(188)	993	(188)
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	250,699	225,618	250,699	225,618
Diluted (loss) / earnings per share (sen)	(0.73)	0.22	(0.73)	0.22

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	3 months ended	3 months ended
	31 Mar 2020 RM'000	31 Mar 2019 RM'000	31 Mar 2020 RM'000	31 Mar 2019 RM'000
Depreciation and amortisation expenses	249	255	249	255
Finance lease interest income	(378)	-	(378)	-
Impairment loss on receivables	620	166	620	166
Income distribution received from short term funds	(64)	(102)	(64)	(102)
Interest expense	11	22	11	22
Reversal of impairment loss on receivables	-	(1,227)	-	(1,227)

By Order of the Board

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

Kuala Lumpur
 19 May 2020