



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

**INTERIM FINANCIAL REPORT FOR THE
SECOND (2nd) QUARTER ENDED 30 JUNE 2020**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2nd) QUARTER ENDED 30 JUNE 2020

	<i>Quarter Ended</i>			<i>Year-To-Date Ended</i>		
	30 Jun 2020 RM'000	30 Jun 2019 RM'000	Changes %	30 Jun 2020 RM'000	30 Jun 2019 RM'000	Changes %
Revenue	1,111	2,866	(61)	3,888	5,794	(33)
Other income	420	2,374	(82)	1,006	3,022	(67)
Cost of sales	(235)	(1,155)	(80)	(1,468)	(2,499)	(41)
Administration expenses	(3,958)	(3,179)	(25)	(7,348)	(4,760)	54
(Loss) / Profit from operations	(2,662)	906	(>100)	(3,922)	1,557	(>100)
Finance costs	(7)	(23)	(70)	(22)	(44)	(50)
Share of result of associates, net of tax	(222)	-	>100	(633)	-	>100
(Loss) / Profit before taxation	(2,891)	883	(>100)	(4,577)	1,513	(>100)
Taxation	(61)	(129)	(53)	(198)	(258)	(23)
Net (loss) / profit for the period, representing total comprehensive (loss) / income	(2,952)	754	(>100)	(4,775)	1,255	(>100)
NET (LOSS) / PROFIT ATTRIBUTABLE TO:						
- Owners of the parent	(2,952)	754	(>100)	(4,775)	1,255	(>100)
- Non-controlling interests	-	-	-	-	-	-
	(2,952)	754	(>100)	(4,775)	1,255	(>100)
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO:						
- Owners of the parent	(2,952)	754	(>100)	(4,775)	1,255	(>100)
- Non-controlling interests	-	-	-	-	-	-
	(2,952)	754	(>100)	(4,775)	1,255	(>100)
Weighted average number of ordinary shares ('000)	251,192	243,921	3	249,412	234,914	6
(Loss) / Earnings per share attributable to the owners of the parent (Sen):						
- Basic	(1.18)	0.31	(>100)	(1.91)	0.53	(>100)
- Diluted	(1.17)	0.31	(>100)	(1.91)	0.53	(>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 30 JUNE 2020

	Unaudited as at 30 June 2020 RM'000	Audited as at 31 Dec 2019 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	1,126	1,384
Investments in associates	-	749
Lease receivables	6,648	8,115
Right-of-use assets	682	842
Deferred Tax Asset	334	334
	<u>8,790</u>	<u>11,424</u>
CURRENT ASSETS		
Receivables, deposit & prepayments	12,116	11,203
Lease receivables	1,982	1,661
Inventory	4	1
Short term funds	4,119	8,922
Cash and bank balances	3,394	1,954
Current Tax Asset	321	321
	<u>21,936</u>	<u>24,062</u>
TOTAL ASSETS	<u>30,726</u>	<u>35,486</u>
EQUITY		
Share capital	45,138	44,557
Reserves	(17,979)	(13,052)
Equity attributable to the owners of the parent	<u>27,159</u>	<u>31,505</u>
TOTAL EQUITY	<u>27,159</u>	<u>31,505</u>
NON-CURRENT LIABILITIES		
Bank borrowing	389	417
Lease liabilities	378	507
Deferred tax liabilities	2	2
	<u>769</u>	<u>926</u>
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	2,395	2,647
Lease liabilities	318	323
Bank borrowing	85	85
Current tax liabilities	-	-
	<u>2,798</u>	<u>3,055</u>
TOTAL LIABILITIES	<u>3,567</u>	<u>3,981</u>
TOTAL EQUITY AND LIABILITIES	30,726	35,486
NET ASSETS PER SHARE (Sen)	10.81	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 SECOND (2nd) QUARTER ENDED 30 JUNE 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 30 June 2020						
Balance as at 1 January 2020	44,557	-	224	(10,853)	(2,423)	31,505
Net loss for the period	-	-	-	-	(4,775)	(4,775)
Transactions with owners:						
Issuance of shares arising from exercise of ESOS	581	-	(222)	-	-	359
Share options vested under ESOS	-	-	70	-	-	70
Balance as at 30 June 2020	45,138	-	72	(10,853)	(7,198)	27,159
Preceding year corresponding period ended 30 June 2019						
Balance as at 1 January 2019, as previously reported	42,005	-	83	(10,853)	(4,909)	26,326
Net profit for the period	-	-	-	-	1,255	1,255
Transactions with owners:						
Issuance of shares	2,552	-	-	-	-	2,552
Share options vested under ESOS	-	-	77	-	-	77
Balance as at 30 June 2019	44,557	-	160	(10,853)	(3,654)	30,210

(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 SECOND (2nd) QUARTER ENDED 30 JUNE 2020

	Current year to date 30 June 2020 RM'000	Preceding year to date 30 June 2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(4,577)	1,513
Adjustments for:		
Depreciation of property, plant and equipment	381	508
Depreciation of right-of-use assets	87	88
Share options vested under ESOS	70	77
Interest expense	14	22
Interest expense on lease liabilities	7	23
Income distribution received from short term funds	(107)	(195)
Interest from finance lease	(739)	(464)
Impairment losses on receivables	1,516	188
Impairment on investment in associates	443	-
Reversal of impairment losses on receivables	-	(1,227)
Share of loss in an associate, net of tax	633	-
Operating (loss) / profit before working capital changes	(2,272)	533
Changes in working capital:		
Trade and other receivables	(2,010)	1,214
Inventory	(3)	5
Lease receivables	1,323	(1,410)
Trade and other payables	(253)	(2,042)
	(943)	(2,233)
Cash used in operations	(3,215)	(1,700)
Tax paid	(198)	(258)
NET CASH USED IN OPERATING ACTIVITIES	(3,413)	(1,958)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(51)	(14)
Interest received	107	195
Investment in associated company	(184)	-
NET CASH (USED IN) / GENERATED FROM INVESTING ACTIVITIES	(128)	181
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment to ultimate holding company	-	(1,574)
Repayment of term loan	(33)	(40)
Interest on term loan	(14)	(13)
Repayment of lease liabilities	(128)	(146)
Interest on lease liabilities	(7)	(23)
Proceeds from private placement	-	2,552
Proceeds from issuance of shares - ESOS	359	-
NET CASH FROM FINANCING ACTIVITIES	177	756
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,364)	(1,021)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	10,877	13,195

CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	7,513	12,174
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Cash and cash equivalents comprised the following:

Cash and bank balances	3,394	3,440
Short term funds	4,119	8,734
	<u>7,513</u>	<u>12,174</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 SECOND (2nd) QUARTER ENDED 30 JUNE 2020

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

In the previous quarter ended 31 March 2020, a total of 2,804,600 new ordinary shares were allotted and issued pursuant to the Company's Employee Share Option Scheme ("ESOS").

As at 30 June 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 and financial year-to-date.

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		6 months ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Segment revenue				
FinTech	513	976	1,615	1,794
IoT Solutions	2	-	3	-
GreenTech Solutions	17	1,288	1,099	2,780
Sharing Platform	579	602	1,171	1,220
Others	-	-	-	-
Total revenue	1,111	2,866	3,888	5,794
Segment operating (loss) / profit before tax				
FinTech	(347)	306	(323)	550
IoT Solutions	(684)	1,509	(1,299)	236
GreenTech Solutions	(730)	(7)	(988)	3,397
Sharing Platform	80	(32)	(10)	(1,078)
Others	(1,210)	(893)	(1,957)	(1,592)
Operating (loss) / profit before tax	(2,891)	883	(4,577)	1,513

	30 June 2020 RM'000	30 June 2019 RM'000
Segment Assets		
FinTech	2,956	5,131
IoT Solutions	230	-
GreenTech Solutions	13,667	7,964
Sharing Platform	8,967	13,526
Others	4,251	6,491
Total Assets	30,071	33,112
Segment Liabilities		
FinTech	472	389
IoT Solutions	421	151
GreenTech Solutions	277	306
Sharing Platform	2,141	2,221
Others	255	293
Total Liabilities	3,566	3,360

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			6 months ended		
	30 Jun 2020 RM'000	30 June 2019 RM'000	Changes %	30 June 2020 RM'000	30 June 2019 RM'000	Changes %
Revenue	1,111	2,866	(61)	3,888	5,794	(33)
Operating (Loss) / Profit	(2,662)	906	(>100)	(3,922)	1,557	(>100)
(Loss) / Profit Before Interest and Tax	(2,662)	906	(>100)	(3,922)	1,557	(>100)
(Loss) / Profit Before Tax	(2,891)	883	(>100)	(4,577)	1,513	(>100)
(Loss) / Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	(2,952)	754	(>100)	(4,775)	1,255	(>100)

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

The Group recorded a revenue of RM1.11 million, a decrease of 61% for the current quarter under review ("2Q 2020") as compared to the preceding year's corresponding quarter revenue of RM2.87 million ("2Q 2019"). The Group recorded an operating loss before tax of RM2.89 million in 2Q 2020 as compared to an operating profit before tax of RM0.88 million in 2Q 2019.

Loss after tax in 2Q 2020 was RM2.95 million as compared to a profit after tax of RM0.75 million in 2Q 2019. The adverse performance was mainly due to unfavourable results from all business segments, coupled with a non-cash impairment of RM0.90 million made on certain trade and finance lease receivables as a prudent practice for MFRS 9.

(ii) Statement of Financial Position

As at 30 June 2020, total equity attributable to the owners of the Company was RM27.16 million as compared to RM31.51 million as at 31 December 2019.

Total assets as at 30 June 2020 decreased by 13.41% to RM30.73 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 10.39% to RM3.60 million from RM3.98 million as of 30 June 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 six (6) months ended 30 June 2020, the net cash used in operating activities of the Group was RM3.41 million during the period as compared to RM1.96 million used in the previous corresponding period in 2019.

Net cash used in investing activities was RM0.13 million in the six (6) months ended 30 June 2020, as compared to a net cash generated from investing activities of RM0.18 million in the previous corresponding period in 2019.

Net cash generated from financing activities was RM0.18 million during the period against RM0.76 million generated for the corresponding period in 2019.

Overall cash and cash equivalents decreased by RM3.36 million as compared with opening cash and cash equivalents as at 1 January 2020. The cash and cash equivalents of the Group was RM7.51 million at 30 June 2020.

Segmental analysis

a. Current quarter ended 30 June 2020 (“2Q 2020”) compared with the previous corresponding quarter ended 30 June 2019 (“2Q 2019”):

FinTech

In 2Q 2020, FinTech segment revenue was RM0.51 million, a decrease of 47.44% as compared to 2Q 2019. The segment processed 14,234 successful commodity trade performed under its As-Sidq platform, as compared to 24,823 successful commodity trade performed in 2Q 2019.

The segment recorded an operating loss before tax of RM0.35 million in the current quarter, as compared to a RM0.31 million profit in 2Q 2019. This was largely driven by the abrupt decline in segment revenue during the Movement Control Order (MCO) period as a result of lower commodity trade coupled with an increase of the overall operating expenses to RM0.62 million in 2Q 2020 as compared to RM0.49 million in 2Q 2019.

IoT solutions

IoT solutions recorded a revenue of approximately RM2,000 in 2Q 2020 from a small order for its fire safety product.

The segment recorded an operating loss before tax of RM0.68 million in 2Q 2020 as compared to a segment operating profit before tax of RM1.51 million in 2Q 2019. Common operating expenses allocated on a reasonable basis to this segment in the current quarter under review amounting to RM0.69 million.

Green Technology solutions

The GreenTech segment recorded a revenue of RM0.02 million in 2Q 2020 as compared to RM1.29 million in 2Q 2019. Revenue from this segment is a continuation of existing maintenance and servicing contracts with a partner for GreenTech solutions in providing energy-saving solutions for a financial institution and telecommunications company.

The segment recorded an operating loss before tax of RM0.73 million in 2Q 2020 as compared to segment operating loss before tax of RM7,000 in 2Q 2019.

Sharing platform

Sharing platform recorded a revenue of RM0.58 million in 2Q 2020, down 3.82% from the same period last year. The segment recorded an operating profit before tax of RM0.08 million in 2Q 2020 as compared to RM0.32 million operating loss before tax in 2Q 2019.

During the quarter under review, the Sharing platform segment processed 4,120,152 number of successful transactions, a decrease of 6.16% as compared to 4,390,782 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 RM1.21 million in 2Q 2020 as compared to a segment operating loss of RM 0.89 million in 2Q 2019. This was due to common operating expenses/indirect cost allocated on a reasonable basis to this segment for whose benefit the expense was incurred.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Changes %
	30 June 2020 RM'000	31 Mac 2020 RM'000	
Revenue	1,111	2,777	(60)
Operating (Loss) / Profit Before Interest and Tax	(2,662)	(1,621)	64
(Loss) / Profit Before Tax	(2,891)	(1,686)	71
(Loss) / Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	(2,952)	(1,822)	62

Revenue for the quarter ended 30 June 2020 decreased by RM1.66 million or 60%, as compared to the immediate preceding quarter. The unprecedented Coronavirus Disease ("Covid-19") pandemic has caused an abrupt decline in revenue during the Movement Control Order ("MCO") period particularly in the FinTech segment. Apart from that, 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 RM2.95 million as compared to loss after tax of RM1.82 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 RM0.90 million made on certain trade and finance lease receivables as a prudent practice for MFRS 9.

B3. Prospects for 2020

The implementation of the Movement Control Order in March 2020 and the subsequent Recovery Movement Control Order in June 2020 have certainly affected the Group's businesses, in particularly the FinTech segment. Nevertheless, as a technology based Company, the Group has embraced the "New Normal" and has since adapted efficiently in the fulfilment of our business obligations.

The Group anticipates that the effects of Covid-19 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).

In the meantime, the Group will take the necessary measures including keeping the operation costs at manageable level and to conserve cash in order to mitigate adverse impact from the Covid-19 pandemic on the Group's performance.

The Board of Directors remain fully confident to see a return to economic growth once the current Covid-19 crisis is behind us. We are committed to seek opportunities for business growth and looking for new segments as well as 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		6 months ended	
	30 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Tax expense recognised in profit or loss:				
Current tax provision	61	129	198	258
	61	129	198	258
Deferred tax:				
Relating to origination of Temporary Difference (Over) / Under provision prior year	-	-	-	-
Tax expense for the financial period	61	129	198	258

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 fully 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	500	Within 12 months	-	-	(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	2,552		-	-	

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:

	30 June 2020 RM'000	30 June 2019 RM'000
Current liabilities		
Term loan (secured)	85	74
Non-current liabilities		
Term loan (secured)	389	469
Total borrowings	474	543

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

B8. Material litigation

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

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 Judgment Application") on 20 March 2020.

Following the Summary Judgment Application and all the Affidavits and Written Submissions filed thereunder, Solicitors for both parties have attended Court on 12 August 2020 for Hearing and Court further fixed 25 August 2020 for Decision.

The Decision was delivered by Yang Arif Dato' Sri Latifah Binti Haji Mohd Tahar on 25 August 2020 whereby the Court had decided in favour of the Company by allowing the Summary Judgment Application with Cost.

The Company will make further announcement on the matter upon receiving the sealed Order from court.

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 June 2020	30 June 2019	30 June 2020	30 June 2019
(Loss) / Profit attributable to the owners of the Company (RM'000)	(2,952)	754	(4,775)	1,255
Weighted average number of ordinary shares in issue ('000)	251,192	243,921	249,412	234,914
Basic (loss) / earnings per share (sen)	(1.18)	0.31	(1.91)	0.53

(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").

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

	3 months ended		6 months ended	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
(Loss) / Profit attributable to the owners of the Company (RM'000)	(2,952)	754	(4,775)	1,255
Weighted average number of ordinary shares in issue ('000)	251,192	243,921	249,412	234,914
Effect of dilution from share options ('000)	804	1,664	804	1,664
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	251,995	245,585	250,216	236,578
Diluted (loss) / earnings per share (sen)	(1.17)	0.31	(1.91)	0.53

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 June 2020 RM'000	30 June 2019 RM'000	30 June 2020 RM'000	30 June 2019 RM'000
Depreciation and amortisation expenses	219	340	468	595
Finance lease interest income	(361)	-	(739)	-
Impairment loss on receivables	896	22	1,516	189
Impairment on investment in associates	443	-	443	-
Income distribution received from short term funds	(43)	(93)	(107)	(195)
Interest expense	7	23	21	45
Reversal of impairment loss on receivables	-	-	-	(1,227)

By Order of the Board

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

Kuala Lumpur
 27 August 2020