



SEDANIA INNOVATOR BERHAD

(Company No. 1074350-A)
(“SIB” OR THE “COMPANY”)

INTERIM FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2017

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2017

	<i>Quarter Ended</i>			<i>Year-To-Date Ended</i>		
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	Changes %	30 Sept 2017 RM'000	30 Sept 2016 RM'000	Changes %
Revenue	6,223	2,276	173	20,650	6,071	240
Other income	136	272	(50)	748	933	(20)
Administration expenses	(5,770)	(3,111)	85	(20,011)	(9,152)	119
Profit / (Loss) from operations	589	(563)	205	1,387	(2,148)	165
Finance costs	(9)	(8)	13	(28)	(27)	4
Profit / (Loss) before taxation	580	(571)	202	1,359	(2,175)	162
Taxation	(109)	-	100	(125)	(16)	(681)
Net profit / (loss) for the period, representing total comprehensive income / (loss)	471	(571)	182	1,234	(2,191)	156
NET PROFIT / (LOSS) ATTRIBUTABLE TO:						
- Owners of the parent	471	(571)	182	1,234	(2,191)	156
- Non-controlling interests	-	-	-	-	-	-
	471	(571)	182	1,234	(2,191)	156
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:						
- Owners of the parent	471	(571)	182	1,234	(2,191)	156
- Non-controlling interests	-	-	-	-	-	-
	471	(571)	182	1,234	(2,191)	156
Weighted average number of ordinary shares ('000)	220,477 ¹	200,000	10	207,728 ¹	200,000	4
Earnings / (Loss) per share attributable to owners of the parent (RM):						
- Basic	0.002	(0.003)	167	0.006	(0.011)	155
- Diluted	0.002	(0.003)	167	0.006	(0.011)	155

(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 2016 and the accompanying explanatory notes attached to this interim financial report.)

¹ After the issuance and allotment of 25,806,452 SIB shares amounting to RM8,000,000 at an issue price of RM0.31 per SIB share pursuant to the Acquisition which was completed on 20 July 2017. Further details on the changes in the issued and paid-up share capital of SIB can be found in the Circular to Shareholders of the Company dated 2 June 2017.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	Unaudited As at 30 September 2017 RM'000	Audited As at 31 December 2016 RM'000
ASSETS		
NON-CURRENT ASSET		
Property, plant and equipment	3,734	4,312
Lease receivables	3,693	3,076
	7,427	7,388
CURRENT ASSETS		
Receivables, deposit & prepayments	15,932	9,126
Lease receivables	884	760
Inventory	(8)	22
Short term funds	13,056	19,574
Cash and bank balances	5,241	2,064
	35,105	31,546
TOTAL ASSETS	42,532	38,934
EQUITY		
Share capital	28,000	20,000
Reserves	4,397	16,187
Equity attributable to owners of the parent	32,397	36,187
TOTAL EQUITY	32,397	36,187
NON-CURRENT LIABILITIES		
Bank borrowing	681	661
Deferred tax liabilities	85	85
	766	746
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	9,183	1,801
Hire purchase liabilities	17	-
Bank borrowing	74	74
Current tax liabilities	95	126
	9,369	2,001
TOTAL LIABILITIES	10,135	2,747
TOTAL EQUITY AND LIABILITIES	42,532	38,934
NET ASSETS PER SHARE (RM)	0.16	0.18

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2017

	←----- -Non-Distributable----- →			Distributable	
	Share Capital RM'000	Share Premium RM'000	Reorganisation Reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Current year-to-date ended 30 September 2017					
Balance as at 1 January 2017	20,000	14,005	(853)	3,035	36,187
Net profit for the financial period, representing total comprehensive income for the financial period	-	-	-	1,234	1,234
Transaction with owners					
Adjustment arising from acquisition of SASC	-	-	(10,000)	(1,024)	(11,024)
Issuance of shares ¹	8,000	-	-	-	8,000
Interim dividends	-	-	-	(2,000)	(2,000)
Balance as at 30 September 2017	28,000	14,005	(10,853)	1,245	32,397
Preceding year corresponding period ended 30 September 2016					
Balance as at 1 January 2016	20,000	14,005	(853)	7,171	40,323
Net profit for the financial period, representing total comprehensive loss for the financial period	-	-	-	(2,191)	(2,191)
Transaction with owners					
Interim dividends	-	-	-	(2,000)	(2,000)
Balance as at 30 September 2016	20,000	14,005	(853)	2,980	36,132

¹After the issuance and allotment of 25,806,452 SIB shares amounting to RM8,000,000 at an issue price of RM0.31 per SIB share pursuant to the Acquisition which was completed on 20 July 2017.

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2017

	Current year to date 30 September 2017 RM'000	Preceding year to date 30 September 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	1,359	(2,175)
Adjustments for:		
Depreciation of property, plant and equipment	862	765
Income distribution received from short term funds	(430)	(825)
Interest expense	28	27
Unrealised gain on foreign exchange	60	-
Operating profit / (loss) before working capital changes	<u>1,879</u>	<u>(2,208)</u>
Changes in working capital:		
Trade and other receivables	(6,149)	(1,144)
Inventory	31	-
Lease receivables	(742)	-
Trade and other payables	4,178	163
	<u>(2,682)</u>	<u>(981)</u>
Cash (used in) / generated from operations	(803)	(3,189)
Interest paid	(28)	(27)
Income distribution received from short term funds	430	825
Tax paid	(157)	(80)
NET CASH (USED IN) / FROM OPERATING ACTIVITIES	<u>(558)</u>	<u>(2,471)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(113)	(1,895)
Investment in a subsidiary	(1,000)	-
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	<u>(1,113)</u>	<u>(1,895)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payable	(17)	-
Repayment of term loan	(55)	(53)
Dividend paid	(2,000)	(2,000)
NET CASH USED IN FINANCING ACTIVITIES	<u>(2,072)</u>	<u>(2,053)</u>
NET DECREASED IN CASH AND CASH EQUIVALENTS	<u>(3,743)</u>	<u>(6,419)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	<u>22,040</u>	<u>34,162</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	<u>18,297</u>	<u>27,743</u>

	Current year to date 30 September 2017 RM'000	Preceding year to date 30 September 2016 RM'000
Cash and cash equivalents comprised the following:		
Cash and bank balances	5,241	596
Short term funds	13,056	27,147
	18,297	27,743

(The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial report.)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2017

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2017.

A1. Accounting policies and methods of computation

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 accounting policies and methods of computation adopted by the Company and its subsidiaries (“Group”) in this unaudited condensed interim financial statements are consistent with those adopted in the preparation of the audited financial statements as at 31 December 2016.

The Group and the Company adopted the following standards of MFRS Framework that were issued by the Malaysian Accounting Standards Board (“MASB”) during the financial year.

Title	Effective Date
Amendments to MFRS 12 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2017
Amendments to MFRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to MFRS 107 <i>Disclosure Initiative</i>	1 January 2017

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.

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 – 2016 Cycle</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018

Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48
MFRS 16 <i>Leases</i>	1 January 2019
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group will adopt the above pronouncements when they become effective in the respective financial periods.

A2. 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 2016.

A3. 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.

A4. Unusual items

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

A5. Material changes in estimates

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

A6. Debt and equity securities

There were no issuances, cancellation, repurchase, resale and repayment of debt and equity securities during the quarter under review.

A7. Segmental information

The Group has arrived at three (3) reportable segments that are organised and managed separately according to the nature of the product and services, operations and technological requirements, which require different business strategies. The reportable segments are as follows:

- (a) Airtime sharing ("ATS") services
Providing the technology on Airtime sharing for telecommunication providers.
- (b) Green technology ("GreenTech") solutions
Provision of green technology solutions for a sustainable and environmentally friendly product and services.

- (c) Internet of things (“IoT”) solutions
Provision for solutions for inter-networking of connected devices for infrastructure management
- (d) Big Data Analytics
Provision of Big Data analytics services and related activities.
- (e) Financial Technology (“FinTech”)
Provision of financial technology solutions for banking industry
- (f) Others
Other operating segment comprises operations relating to investment holding.

FinTech is a new segment entered by the Group during the quarter upon completion of acquisition of Sedania As Salam Capital Sdn Bhd (“SASC”).

The Group evaluates performance on the basis of profit or loss from operations before tax.

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

	3 months ended		9 months ended	
	30 Sept 2017 RM’000	30 Sept 2016 RM’000	30 Sept 2017 RM’000	30 Sept 2016 RM’000
Segment revenue				
Airtime Sharing	1,397	2,206	4,435	5,999
GreenTech Solutions	219	70	2,741	72
IoT Solutions	3,410	-	10,310	-
Big Data Analytics	239	-	239	-
FinTech	958	-	2,925	-
Others	-	-	-	-
Total revenue	6,223	2,276	20,650	6,071
Segment operating profit / (loss) before tax				
Airtime Sharing	118	(277)	799	(1,103)
GreenTech Solutions	15	70	386	72
IoT Solutions	603	-	1,284	-
Big Data Analytics	(231)	-	(862)	-
FinTech	506	-	856	-
Others	(432)	(364)	(1,104)	(1,144)
Operating profit / (loss) before tax	580	(571)	1,359	(2,175)

	9 months ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Segment Assets		
Airtime Sharing	11,479	13,034
GreenTech Solutions	6,324	74
IoT Solutions	8,490	-
Big Data Analytics	239	-
FinTech	2,426	-
Others	13,574	26,478
Total Assets	42,532	39,586
Segment Liabilities		
Airtime Sharing	1,175	1,270
GreenTech Solutions	67	-
IoT Solutions	4,823	-
Big Data Analytics	46	-
FinTech	594	-
Others	3,251	111
Total Liabilities	9,956	1,381

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

	3 months ended		9 months ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Malaysia	5,886	1,693	19,472	4,392
Bangladesh	337	583	1,178	1,676
Indonesia	-	-	-	3
Total	6,223	2,276	20,650	6,071

Year to date revenue from Malaysia and Bangladesh contributed to approximately 94.3% and 5.7% respectively of the Group's total revenue.

A8. Valuation of property, plant and equipment

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

A9. Capital commitment

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

A10. Changes in the composition of the Group

On 27 February 2017, the Company entered into a share sale agreement (“SSA”) with Sedania Corporation Sdn. Bhd. (“SedaniaCorp”) to acquire the entire issue and paid up ordinary share capital of Sedania As Salam Capital Sdn. Bhd. (“SASC) for a purchase consideration of RM12.00 million to be satisfied by a combination of cash amounting to RM4.00 million and issuance and allotment of 25,806,452 new ordinary shares in the Company at an issue price of RM0.31 per unit (“Acquisition”).

On 20 July 2017, the Acquisition is deemed completed after the listing of 25,806,452 consideration shares on ACE Market of Bursa Securities and therefore SASC is now a wholly owned subsidiary of the Company.

A11. 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.

A12. 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.

A13. Related party transactions

There were no related party transactions 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			9 months ended		
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	Changes %	30 Sept 2017 RM'000	30 Sept 2016 RM'000	Changes %
Revenue	6,223	2,276	173	20,650	6,071	240
Operating Profit / (Loss)	589	(563)	205	1,387	(2,148)	165
Profit / (Loss) Before Interest and Tax	589	(563)	205	1,387	(2,148)	165
Profit / (Loss) Before Tax	580	(571)	202	1,359	(2,175)	162
Profit / (Loss) After Tax & Attributable to Ordinary Equity Holders of the Parent	471	(571)	182	1,234	(2,191)	156

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

The Group recorded revenue of RM6.22 million and operating profit of RM0.59 million in 3Q 2017 as compared to revenue of RM2.28 million and operating loss of RM0.56 million in 3Q 2016. Higher revenue and operating profit were attributable to higher contributions from IoT and GreenTech segments, and following the completion of SASC's acquisition in the current quarter.

For the nine months ended 30 September 2017, the Group recorded revenue of RM20.65 million and operating profit of RM1.39 million against revenue of RM6.07 million and operating loss of RM2.15 million for the corresponding period in 2016. The better performance was mainly due to the continuing contribution by the GreenTech and IoT segments on top of the existing ATS segment as compared to the corresponding period in 2016. In addition, acquisition of SASC was derived from a common control, hence the results of SASC for FinTech segment was included in the Group's profits for the full year under merger accounting method.

(ii) Statement of financial position

As at 30 September 2017, total equity attributable to owners of the Company was RM32.40 million as compared to RM36.19 million as at 31 December 2016. During the period, the Group has acquired SASC as a wholly owned subsidiary and the asset and liabilities of SASC were brought into the consolidated statement of financial position at their existing carrying amounts at the combination date under merger accounting method. On consolidation, the cost of the merger of RM12 million was cancelled with the values of the shares received in SASC. The resulting credit difference of RM10 million was classified as equity and regarded as a non-distributable reserve.

(iii) Statement of Cash Flows

The net operating cash flows used in operations of the Group was RM0.56 million for the nine months ended 30 September 2017 against RM2.47 million for the corresponding period in 2016. Included in the net operating cash flows was an increase in working capital changes in the current period amounting to RM2.68 million as compared to RM0.98 million for the corresponding period in 2016. The increase in trade and other payables for the current period was in relation to amount owing to SedaniaCorp amounting to RM3.0 million which has been set aside as security for the purposes of profit guarantee pursuant to the SSA as disclosed in the Circular dated 2 June 2017.

Net cash used in investing activities was RM1.11 million for the nine months ended 30 September 2017 as compared to RM1.90 million for the corresponding period in 2016. Despite decreased in capital expenditures, the investment in SASC was partly paid in cash of RM1.0 million. The balance of RM3.0 million is retained as security deposit as mentioned above.

Net cash used in financing activities increased to RM2.07 million during the period against RM2.05 million for the corresponding period in 2016. This include repayment of hire purchase payable for SASC.

Overall cash and cash equivalent decreased by RM3.74 million as compared with opening cash and cash equivalents as at 1 January 2017. The cash and cash equivalents of the Group was RM18.30 million as at 30 September 2017.

Segmental analysis

a. Current quarter ended 30 September 2017 ("3Q 2017") compared with previous corresponding quarter ended 30 September 2016 ("3Q 2016"):

Airtime sharing solutions

Airtime Sharing recorded a revenue of RM1.40 million in 3Q 2017, a decrease of 57.91% as compared to RM2.21 million in 3Q 2016. In 3Q 2017, the Airtime sharing recorded a segment operating profit before tax of RM0.12 million as compared to segment operating loss before tax of RM0.28 million in 3Q 2016. The segment continues to experience lower average number of transactions per day as consumer spending for telecommunication credits is declining.

Green Technology solutions

The revenue recorded in 3Q 2017 was RM0.22 million against RM0.07 million in 3Q 2016. The revenue from the provision of Green Technology solutions with a client includes recognition of a finance lease arrangement. The segment operating profit before tax was RM0.02 million in the 3Q 2017.

IoT solutions

The revenue recorded for 3Q 2017 was RM3.41 million against zero revenue for the corresponding quarter in 2016. During the 3Q 2017, revenue from this segment were contributed from IoT solutions for a fire safety portal and a logistic system solutions. Following therefrom, the Group recorded a segment operating profit before tax of RM0.61 million in 3Q 2017.

Big Data Analytics

The revenue in relation to a big data analytics training program provided for a client for 3Q 2017 was RM0.24 million. With lower revenue, the segment recorded an operating loss before tax for 3Q 2017 of RM0.23 million, mainly due to operating expenses associated with this segment.

FinTech

Pursuant to the acquisition of SASC, the revenue from FinTech segment for 3Q 2017 was RM0.96 million with a segment operating profit before tax of RM0.51 million.

Others

This segment comprises operations relating to investment holding. The segment recorded a segment operating loss before tax of RM0.43 million in 3Q 2017 as compared to loss of RM0.36 million in 3Q 2016 mainly due to corporate exercise expenses in relation to the acquisition of SASC and the statutory and regulatory expenses of the investment holding company.

b. Current year-to-date ended 30 September 2017 ("9M2017") compared with previous year-to-date ended 30 September 2016 ("9M2016")

The Group recorded revenue of RM20.65 million in 9M2017 as compared to RM6.07 million in 9M2016. The Group reported an operating profit before tax of RM1.36 million as compared to an operating loss before tax of RM2.18 million in 9M2016.

Airtime sharing solutions

The revenue recorded in 9M2017 was RM4.44 million against RM5.99 million in 9M2016. The lower revenue in 9M2017 was mainly due to lower average number of transactions per day for Airtime sharing solutions.

The segment operating profit before tax was RM0.80 million as compared to segment operating loss before tax of RM1.10 million in 9M2016. Operating expenses incurred by the Group for Airtime sharing segment were significantly lower in the 9M2017 as compared to 9M2016 as a result of cost rationalisation built around operational efficiency and optimisation of resources.

Green Technology solutions

The revenue recorded in 9M2017 was RM2.74 million against RM0.07 million in 9M2016. Segment operating profit before tax for 9M2017 was RM0.39 million as compared to segment operating profit before tax of RM0.07 million in 9M2016.

IoT solutions

The revenue of IoT segment was RM10.31 million and segment operating profit before tax was RM1.28 million for 9M2017 against zero revenue and zero operating profit before tax in 9M2016. Revenue from this segment were mainly due to constant book orders of IoT solutions every quarter.

Big Data Analytics

The revenue recorded for 9M2017 was RM0.24 million with segment operating loss before tax of RM0.86 million. With lower revenue, the segment recorded operating loss before tax mainly due to operating expenses associated with this segment in the 9M2017.

FinTech

In 9M2017, total revenue for FinTech segment was RM2.93 million with a segment operating profit before tax of RM0.86 million. Since the acquisition of SASC was derived from a common control, the results of SASC for FinTech segment was included in the Group's results for the full year under merger accounting method.

Others

This segment comprises operations relating to investment holding. The segment recorded a loss of RM1.10 million in 9M2017 as compared to loss of RM1.14 million in 9M2016 mainly due to corporate exercise expenses in relation to the acquisition of SASC and the statutory and regulatory expenses of the investment holding company.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Changes %
	30 Sept 2017 RM'000	30 June 2017 RM'000	
Revenue	6,223	7,603	(18)
Operating Profit	589	345	71
Profit Before Interest and Tax	589	345	71
Profit Before Tax	580	336	73
Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	471	328	44

In the current quarter ended 30 September 2017, the Group generated revenue of RM6.22 million, a decrease of 18% or RM1.38 million as compared to the revenue of RM7.60 million in the immediate preceding quarter.

However the Group recorded an improved profit before tax of RM0.58 million for the current quarter under review as compared to profit before tax of RM0.34 million in the immediate preceding quarter.

¹Comparative figures were restated as if SASC has been combined in the previous preceding quarter.

B3. Prospects for 2017

In 2016, the Group has expanded its customer base by signing up with a new Mobile Network Operator ("MNO") for the provision of ATS Services. The Group has also ventured into provision of green technology and internet of things (IoT) solutions.

During the year, the Company has also completed its acquisition of 100% in SASC, which contributes to the FinTech segment.

The management believes that the global economic backdrop continues to improve modestly, but steadily. Bank Negara Malaysia projected Malaysian economy to register a sustained growth of between 4.3 per cent and 4.8 per cent in 2017. Inflation is projected to average higher in the range of 3.0 per cent and 4.0 per cent in 2017. Nevertheless, the management is mindful of the challenges in domestic and international economic environment and is taking measures to improve the performance of the Group and ensure better efficiency.

The Group will continuously seek new opportunities to enhance its recurring revenue streams and look for new business growth by way of capitalising the strength of the business venture with strategic partners.

The Board of Directors is of the opinion that the business and performance of the Group are expected to remain positive for the financial year ending 31 December 2017.

B4. Profit forecast

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

B5. Taxation

	3 months ended		9 months ended	
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Tax expense recognized in profit or loss:				
Current tax provision	108	-	125	17
Tax expense for the financial period	108	-	125	17

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B6. Status of corporate proposals and utilisation of proceeds

(i) Status of corporate proposal as at the date of this report

On 23 October 2017, M&A Securities Sdn Bhd (“M&A”) on behalf of the Board of Directors (“Board”) announced that SIB proposes to undertake a private placement of up to 22,580,600 new ordinary shares in SIB to independent third party investor(s) to be identified (“Proposed Private Placement”).

On 24 October 2017, M&A had, on behalf of the Board announced that SIB have submitted the additional listing application to Bursa Malaysia Securities Bhd (“Bursa Securities”) in relation to the Proposed Private Placement.

On 25 October 2017, M&A had, on behalf of the Board announced that Bursa Securities had, vide its letter dated 25 October 2017, approved the listing of and quotation for up to 22,580,600 new ordinary shares in SIB to be issued pursuant to the Proposed Private Placement, subject to the following conditions:

- (aa) SIB and M&A must fully comply with the relevant provisions under the ACE Market Listing Requirements (“ACE LR”) pertaining to the implementation of the Proposed Private Placement;
- (ab) SIB and M&A to inform Bursa Securities upon the completion of the Proposed Private Placement; and
- (ac) SIB to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions by Bursa Securities' approval once the Proposed Private Placement is completed.

SIB is required to ensure full compliance of all the requirements as provided under the ACE LR at all times.

The Proposed Private Placement is expected to be completed by the first quarter of 2018.

There are no other corporate proposals, which have been announced but not completed as at 27 November 2017, being the date of this report.

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(ii) **Utilisation of proceeds**

The status of utilisation of the proceeds raised from the initial public offering (“IPO”) amounting to RM19.56 million (“IPO Proceeds”) are as follows:

Details of utilisation	Intended timeframe for utilisation upon listing	Expiry Date	IPO Proceeds raised^(a)	Actual utilisation	Balance of IPO Proceeds
			RM'000	RM'000	RM'000
Capital expenditure	Fully utilised	28 June 2017	4,000	4,000	-
Marketing expenses	Within 30 months	28 December 2017 ^(d)	4,100	1,852	2,237 ^(e)
R&D Expenses	Fully utilised	28 December 2016 ^(c)	2,500	2,500	-
Working capital	Fully utilised	28 June 2017	6,757	7,874	(1,117) ^(b)
Listing expenses	Fully utilised	-	2,200	1,083	1,117 ^(b)
			19,557	17,309	2,237

(a) As per SIB’s prospectus dated 9 June 2015.

(b) The actual expenses incurred for the IPO was lower than the estimated expenses for the said exercise. The Company has incurred RM1.99 million for its listing expenses which was financed via internally generated funds of RM0.91 million and proceeds of RM1.08 million which was raised through the IPO. Hence, the balance of unutilised IPO Proceeds for the listing expenses of RM1.12 million has been re-allocated to working capital of SIB and its subsidiaries (“SIB Group”), as announced in the Company’s quarterly report as at 30 September 2015. The IPO Proceeds of RM1.12 million has been fully utilised as announced in the Company’s quarterly report as at 31 December 2016..

(c) On 29 July 2016, the Company has announced that the Board has resolved to extend the timeframe for the utilisation of the remaining unutilised IPO Proceeds allocated for R&D expenses of RM0.58 million until 28 December 2016.

(d) On 16 June 2017, the Company has announced that the Board has resolved to extend the timeframe for the utilisation of the remaining unutilised IPO Proceeds which was earmarked for the marketing expenses of RM2.29 million to 28 December 2017.

(e) On 28 November 2017, the Company has announced that the Board has resolved to vary the utilisation of the remaining unutilised IPO Proceeds allocated for marketing expenses amounting to RM2.24 million and re-allocate the amount to working capital.

The above utilisation of proceeds should be read in conjunction with the prospectus of the Company dated 9 June 2015.

B7. Borrowings

The Group's borrowings as at 30 September 2017 are as follows:

	As at 3 rd quarter ended 2017		
	Long term RM'000	Short term RM'000	Total RM'000
Secured – property term loan*	606	74	680
Unsecured – hire purchase payable**	75	17	92

	As at 3 rd quarter ended 2016		
	Long term RM'000	Short term RM'000	Total RM'000
Secured – property term loan	680	74	755
Unsecured - nil	-	-	-

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

**The unsecured loan consist of hire purchase payable for a motor vehicle in SASC, for the period ended 30 September 2017.

B8. Material litigation

The Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, or of any fact likely to give rise to any proceeding which might materially or adversely affect the financial position or business of the Group.

B9. Dividends

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

B10. Earnings per share

The basic earnings per share are calculated as follows: -

	3 months ended		9 months ended	
	30 Sept 2017	30 Sept 2016	30 Sept 2017	30 Sept 2016
Profit/ (Loss) attributable to owners of the parent (RM'000)	471	(571)	1,234	(2,191)
Weighted average number of ordinary shares in issue ('000)	220,477 ¹	200,000	207,728 ¹	200,000
Basic earnings/ (loss) per share (RM)	0.002	(0.003)	0.006	(0.011)

¹. After the issuance and allotment of 25,806,452 SIB shares amounting to RM8,000,000 at an issue price of RM0.31 per SIB share pursuant to the Acquisition which was completed on 20 July 2017. Further details on the changes in the issued and paid-up share capital of SIB can be found in the Circular to Shareholders of the Company dated 2 June 2017.

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	9 months ended	9 months ended
	30 Sept 2017 RM'000	30 Sept 2016 RM'000	30 Sept 2017 RM'000	30 Sept 2016 RM'000
Depreciation and amortisation expenses	287	268	862	765
Gain on foreign exchange				
- realised	(64)	-	(75)	(89)
- unrealised	51	(19)	60	(19)
Income distribution received from short term funds	(123)	(253)	(430)	(825)
Interest expense	9	8	28	27

B12. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group as at 30 Sept 2017 into realised and unrealised profits is as follows:

	As at 30 Sept 2017 RM'000	As at 30 Sept 2016 RM'000
Total retained profits of the Group:		
- Realised	1,296	2,961
- Unrealised	(51)	19
Total	1,245	2,980
Less: Consolidation adjustments	-	-
Total retained profits of the Group	1,245	2,980

The determination of realised and unrealised profits is based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

By Order of the Board

TIA HWEI PING (MAICSA 7057636)

TEH AI LIN (MAICSA 7065560)

Company Secretaries

Kuala Lumpur

30 November 2017