



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

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019**

| Contents | Page |
|---|-------------|
| Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | 2 |
| Unaudited Condensed Consolidated Statement of Financial Position | 3 |
| Unaudited Condensed Consolidated Statement of Changes in Equity | 4 |
| Unaudited Condensed Consolidated Statement of Cash Flows | 5 |
| Notes to the Condensed Consolidated Financial Report | 7 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

| | <i>Quarter Ended</i> | | | <i>Year-To-Date Ended</i> | | |
|--|-----------------------------------|-----------------------------------|----------------------|-----------------------------------|-----------------------------------|----------------------|
| | 30 Sep 2019 RM'000 | 30 Sep 2018 RM'000 | Changes % | 30 Sep 2019 RM'000 | 30 Sep 2018 RM'000 | Changes % |
| Revenue | 3,649 | 2,057 | 77 | 9,444 | 10,240 | (8) |
| Other income | 1,776 | 488 | >100 | 6,017 | 1,243 | >100 |
| Administration expenses | (4,157) | (2,835) | 47 | (12,636) | (12,162) | (6) |
| Profit / (Loss) from operations | 1,268 | (290) | (>100) | 2,825 | (679) | (>100) |
| Finance costs | (16) | (5) | >100 | (60) | (50) | 20 |
| Share of result of an associate, net of tax | (38) | - | 100 | (38) | - | 100 |
| Profit / (Loss) before taxation | 1,214 | (295) | (>100) | 2,727 | (729) | (>100) |
| Taxation | (136) | (242) | (44) | (394) | (479) | (18) |
| Net profit / (loss) for the period, representing total comprehensive income / (loss) | 1,078 | (537) | (>100) | 2,333 | (1,208) | (>100) |
| NET PROFIT / (LOSS) ATTRIBUTABLE TO: | | | | | | |
| - Owners of the parent | 1,078 | (537) | (>100) | 2,333 | (1,208) | (>100) |
| - Non-controlling interests | - | - | - | - | - | - |
| | 1,078 | (537) | (>100) | 2,333 | (1,208) | (>100) |
| TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO: | | | | | | |
| - Owners of the parent | 1,078 | (537) | (>100) | 2,333 | (1,208) | (>100) |
| - Non-controlling interests | - | - | - | - | - | - |
| | 1,078 | (537) | (>100) | 2,333 | (1,208) | (>100) |
| Weighted average number of ordinary shares ('000) | 248,387 | 225,806 | 10 | 239,454 | 225,806 | 6 |
| Earnings per share attributable to the owners of the parent (Sen): | | | | | | |
| - Basic | 0.434 | (0.238) | (>100) | 0.975 | (0.535) | (>100) |
| - Diluted | 0.431 | (0.238) | (>100) | 0.968 | (0.535) | (>100) |

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2019

| | Unaudited as at 30 Sep 2019 RM'000 | Audited as at 31 Dec 2018 RM'000 |
|---|---|---|
| ASSETS | | |
| NON-CURRENT ASSET | | |
| Property, plant and equipment | 2,094 | 2,821 |
| Investments in associate | 273 | - |
| Lease receivables | 5,605 | 3,687 |
| Right-of-use assets | 385 | - |
| Deferred Tax Asset | 432 | 432 |
| | <u>8,789</u> | <u>6,940</u> |
| CURRENT ASSETS | | |
| Receivables, deposit & prepayments | 12,906 | 12,212 |
| Lease receivables | 1,310 | 584 |
| Inventory | 1 | 6 |
| Short term funds | 9,190 | 11,219 |
| Cash and bank balances | 2,466 | 1,977 |
| Current Tax Asset | 230 | 230 |
| | <u>26,103</u> | <u>26,228</u> |
| TOTAL ASSETS | <u>34,892</u> | <u>33,168</u> |
| EQUITY | | |
| Share capital | 44,557 | 42,005 |
| Reserves | (13,230) | (15,679) |
| Equity attributable to the owners of the parent | <u>31,327</u> | <u>26,326</u> |
| TOTAL EQUITY | <u>31,327</u> | <u>26,326</u> |
| NON-CURRENT LIABILITIES | | |
| Bank borrowing | 448 | 509 |
| Hire purchase payables | 379 | 460 |
| Lease liabilities | 390 | - |
| Deferred tax liabilities | 2 | 2 |
| | <u>1,219</u> | <u>971</u> |
| CURRENT LIABILITIES | | |
| Payables, accruals & other current liabilities | 2,158 | 5,470 |
| Hire purchase payables | 112 | 125 |
| Bank borrowing | 74 | 74 |
| Current tax liabilities | 2 | 202 |
| | <u>2,346</u> | <u>5,871</u> |
| TOTAL LIABILITIES | <u>3,565</u> | <u>6,842</u> |
| TOTAL EQUITY AND LIABILITIES | <u>34,892</u> | <u>33,168</u> |
| NET ASSETS PER SHARE (Sen) | 13.08 | 11.66 |

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

| | Non-Distributable | | | | Distributable | Total Equity RM'000 |
|--|-------------------------|-------------------------|------------------------|----------------------------------|-------------------------------------|------------------------|
| | Share Capital RM'000 | Share Premium RM'000 | ESOS Reserve RM'000 | Reorganisation Reserve RM'000 | Retained Profits / (Loss) RM'000 | |
| Current year-to-date ended 30 September 2019 | | | | | | |
| Balance as at 1 January 2019 ¹ | 42,005 | - | 83 | (10,853) | (4,909) | 26,326 |
| Net profit for the period | - | - | - | - | 2,334 | 2,334 |
| Transactions with owners: | | | | | | |
| Issuance of shares | 2,552 | - | - | - | - | 2,552 |
| Share options vested under ESOS | - | - | 115 | - | - | 115 |
| Balance as at 30 September 2019 | 44,557 | - | 198 | (10,853) | (2,575) | 31,327 |
| Preceding year corresponding period ended 30 September 2018 | | | | | | |
| Balance as at 1 January 2018, as previously reported | 42,005 | - | - | (10,853) | 1,577 | 32,729 |
| Adjustments on initial application of MFRS 9 ² | - | - | - | - | (2,129) | (2,129) |
| Balance as at 1 January 2018, as restated | 42,005 | - | - | (10,853) | (552) | 30,600 |
| Net loss for the period | - | - | - | - | (1,208) | (1,208) |
| Balance as at 30 September 2018 | 42,005 | - | - | (10,853) | (1,760) | 29,392 |

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

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

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

| | Current year to date 30 Sep 2019 RM'000 | Preceding year to date 30 Sep 2018 RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (Loss) before taxation | 2,727 | (729) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 758 | 843 |
| Depreciation of right-of-use assets | 131 | - |
| Share options vested under ESOS | 115 | - |
| Interest expense | 60 | 50 |
| Income distribution received from short term funds | (276) | (349) |
| Interest from finance lease | (768) | (666) |
| Unrealised gain on foreign exchange | - | (124) |
| Impairment losses on receivables | 205 | 304 |
| Reversal of impairment losses on receivables | (1,629) | - |
| Gain on disposal of property, plant and equipment | - | (200) |
| Share of loss in an associate, net of tax | 38 | - |
| Operating profit / (loss) before working capital changes | 1,361 | (871) |
| Changes in working capital: | | |
| Trade and other receivables | 784 | 5,115 |
| Inventory | 5 | 16 |
| Lease receivables | (1,930) | 893 |
| Trade and other payables | (1,746) | (2,233) |
| | (2,887) | 3,791 |
| Cash (used in) / generated from operations | (1,526) | 2,920 |
| Tax paid | (594) | (932) |
| NET CASH (USED IN) / GENERATED FROM OPERATING ACTIVITIES | (2,120) | 1,988 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (31) | (616) |
| Interest received | 276 | 349 |
| Proceeds from disposal of property, plant and equipment | - | 400 |
| Acquisition of interests in an associate | (310) | - |
| NET CASH (USED) / FROM INVESTING ACTIVITIES | (65) | 133 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment to ultimate holding company | (1,574) | (1,529) |
| Repayment of hire purchase payable | (94) | (18) |
| Interest on hire purchase | (17) | (3) |
| Drawdown of hire purchase | - | 539 |
| Repayment of term loan | (61) | (58) |
| Interest on term loan | (19) | (18) |
| Repayment of lease liabilities | (127) | - |
| Interest on lease liabilities | (15) | - |
| Proceeds from Private Placement | 2,552 | - |
| NET CASH FROM / (USED IN) FINANCING ACTIVITIES | 645 | (1,087) |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (1,540) | 1,034 |

| | | |
|---|---------------|---------------|
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD | 13,196 | 15,797 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | 11,656 | 16,831 |
| Cash and cash equivalents comprised the following: | | |
| Cash and bank balances | 2,466 | 3,939 |
| Short term funds | 9,190 | 12,892 |
| | <u>11,656</u> | <u>16,831</u> |

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

The remainder of this page is intentionally left blank

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2019

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2019.

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting, Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities.

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2018, which have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

A2. Significant Accounting Policies

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

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

MFRS 16 Leases

The Group adopted MFRS 16 on 1 January 2019.

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

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

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

(a) As a lessee

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

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

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

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

(i) Significant accounting policies

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

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

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

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

(b) As a lessor

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

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

(c) Impact on adoption of MFRS 16

Statement of financial position

| | As per previous accounting framework 31.12.2018 RM'000 | Adoption of MFRS 16 RM'000 | As per current accounting framework 1.1.2019 RM'000 |
|-------------------------------|--|----------------------------------|---|
| Assets | | | |
| Right-of-use asset | - | 517 | 517 |
| Impact to assets | - | 517 | 517 |
| Liabilities | | | |
| Lease liabilities | - | (517) | (517) |
| Impact to liabilities | - | (517) | (517) |
| Equity | | | |
| Reserves (Accumulated losses) | (552) | - | (552) |

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

(d) Impacts for the period

As a result of initially applying MFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised RM0.39 million of right-of-use assets and RM0.39 million of lease liabilities as at 30 September 2019.

Also in relation to those leases under MFRS 16, the Group has recognised depreciation and interest costs, instead of operating lease expense. During the nine (9) months ended 30 September 2019, the Group recognised approximately RM131,000 of depreciation charges and approximately RM15,000 of interest costs from these leases.

Standards issued but not yet effective

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

| Title | Effective Date |
|---|----------------|
| <i>Amendments to References to the Conceptual Framework in MFRS Standards</i> | 1 January 2020 |
| <i>MFRS 17 Insurance Contracts</i> | 1 January 2021 |
| <i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

A3. Auditors' report of preceding annual financial statements

There was no qualification to the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2018.

A4. Seasonal or cyclical factors

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

A5. Unusual items

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

A6. Material changes in estimates

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

A7. Debt and equity securities

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

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

A8. Segmental information

For management purposes, the Group is organised into six (6) operating segments which require different business strategies, and presented as follows:

- (a) Financial Technology ("FinTech")
Provision of financial technology solutions for banking industry.
- (b) Internet of things ("IoT") solutions
Provision for solutions for inter-networking of connected devices for infrastructure management.
- (c) Green technology ("GreenTech") solutions
Provision of green technology solutions for a sustainable and environmentally friendly products and services.
- (d) Sharing platform
Providing the technology on Airtime sharing for telecommunication providers.

(e) Big Data Analytics

Provision of Big Data analytics services and related activities.

(f) Others

Other operating segment comprises operations relating to investment holding.

Segment assets and liabilities exclude current and deferred tax assets and liabilities.

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

| | 3 months ended | | 9 months ended | |
|---|--------------------------|--------------------------|-----------------------------------|-----------------------------------|
| | 30 Sep 2019 RM'000 | 30 Sep 2018 RM'000 | 30 Sep 2019 RM'000 | 30 Sep 2018 RM'000 |
| Segment revenue | | | | |
| FinTech | 1,075 | 1,081 | 2,869 | 2,734 |
| IoT Solutions | 575 | - | 575 | 3,862 |
| GreenTech Solutions | 1,410 | 56 | 4,191 | 545 |
| Sharing Platform | 589 | 920 | 1,809 | 3,099 |
| Big Data Analytics | - | - | - | - |
| Others | - | - | - | - |
| Total revenue | 3,649 | 2,057 | 9,444 | 10,240 |
| Segment operating profit / (loss) before tax | | | | |
| FinTech | 393 | 630 | 943 | 1,359 |
| IoT Solutions | 696 | (495) | 2,972 | (1,082) |
| GreenTech Solutions | 202 | (255) | 1,559 | (686) |
| Sharing Platform | 594 | 437 | (483) | 1,356 |
| Big Data Analytics | (330) | (315) | (1,189) | (687) |
| Others | (341) | (297) | (1,075) | (989) |
| Operating profit / (loss) before tax | 1,214 | (295) | 2,727 | (729) |
| | | | 30 Sep 2019 RM'000 | 30 Sep 2018 RM'000 |
| Segment Assets | | | | |
| FinTech | | | 5,098 | 4,004 |
| IoT Solutions | | | 575 | 4,144 |
| GreenTech Solutions | | | 16,602 | 7,965 |
| Sharing Platform | | | 6,115 | 12,907 |
| Big Data Analytics | | | - | 190 |
| Others | | | 5,840 | 9,209 |
| Total Assets | | | 34,230 | 38,419 |
| Segment Liabilities | | | | |
| FinTech | | | 320 | 329 |
| IoT Solutions | | | 583 | 3,377 |
| GreenTech Solutions | | | 325 | - |
| Sharing Platform | | | 2,162 | 1,178 |
| Big Data Analytics | | | - | - |
| Others | | | 171 | 1,822 |
| Total Liabilities | | | 3,561 | 6,706 |

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

| | 3 months ended | | 9 months ended | |
|--------------|----------------|--------------|----------------|---------------|
| | 30 Sep | 30 Sep | 30 Sep | 30 Sep |
| | 2019 | 2018 | 2019 | 2018 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 3,649 | 1,899 | 9,444 | 9,646 |
| Bangladesh | - | 158 | - | 594 |
| Total | 3,649 | 2,057 | 9,444 | 10,240 |

Year to date revenue from Malaysia contributed to 100% of the Group's total revenue.

A9. Valuation of property, plant and equipment

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

A10. Capital commitment

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

A11. Changes in the composition of the Group

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

On 8 July 2019, upon completion of the shares subscription, VMSB became an associate company of Sedania Group and the Company's equity interest in VMSB is accounted for using the equity method in the Company's financial statements in accordance with MFRS 128.

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

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

A12. Contingent liabilities and contingent assets

There were no changes in contingent liabilities or contingent assets since the last annual reporting period date up to the date of this report.

A13. Material events subsequent to the end of the quarter

Save as disclosed in Note B6, there were no other material events subsequent to the end of the current quarter and financial year-to-date that have not been reflected in this interim financial report.

A14. Related party transaction

There was no related party transaction entered into with related parties during the current quarter under review.

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 | | | 9 months ended | | |
|--|--------------------------|--------------------------|------------------|--------------------------|--------------------------|------------------|
| | 30 Sep 2019 RM'000 | 30 Sep 2018 RM'000 | Changes % | 30 Sep 2019 RM'000 | 30 Sep 2018 RM'000 | Changes % |
| Revenue | 3,649 | 2,057 | 77 | 9,444 | 10,420 | (8) |
| Operating Profit / (Loss) | 1,268 | (290) | (>100) | 2,825 | (679) | >100 |
| Profit / (Loss) Before Interest and Tax | 1,268 | (290) | (>100) | 2,825 | (679) | (>100) |
| Profit / (Loss) Before Tax | 1,214 | (295) | (>100) | 2,727 | (729) | (>100) |
| Profit / (Loss) After Tax & Attributable to Ordinary Equity Holders of the Parent | 1,078 | (537) | (>100) | 2,333 | (1,208) | (>100) |

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

The Group recorded revenue of RM3.65 million, an increase of approximately 77% for the current quarter under review ("3Q 2019") as compared to the preceding year's corresponding quarter revenue of RM2.06 million ("3Q 2018"). The Group recorded an operating profit before tax of RM1.21 million in 3Q 2019 as compared to an operating loss before tax of RM0.30 million in 3Q 2018.

Profit after tax in 3Q 2019 is RM1.08 million as compared to a loss after tax of RM0.54 million in 3Q 2018. The improvement in performance is mainly due to increased revenue contributions from GreenTech segments in 3Q 2019 as compared to 3Q 2018.

(ii) Statement of Financial Position

As at 30 September 2019, total equity attributable to the owners of the Company was RM31.33 million as compared to RM26.33 million as at 31 December 2018. In the immediate preceding quarter ended 30 June 2019, the Company completed the listing and quotation of up to 10% of the total issued shares in SIB through a private placement. Total number of new shares issued is 22,580,600 resulting in an increase in the share capital from RM42.00 million to RM44.56 million.

Total assets as at 30 September 2019 increased by 5.18% to RM34.89 million from RM33.17 million as at 31 December 2018. The adoption of MFRS 16 during the year also resulted in higher assets and liabilities recognised in the current quarter's statement of financial position, mainly in Rights-of-use assets and Lease liabilities.

Total liabilities decreased by 47.88% to RM3.56 million from RM6.84 million as at 30 September 2019. The reduction in total liabilities were driven by the release of retention sum in respect of the FYE 2018 guaranteed profit and accrued interest of RM1.57 million for the purchase of SASC shares, as well as a reduction in trade and other payables of RM1.75 million.

(iii) Statement of Cash Flows

For the nine (9) months ended 30 September 2019, the net cash used in operating activities of the Group was RM2.12 million as compared to net cash generated from operating activities of RM1.99 million in the previous corresponding period in 2018.

Net cash used from investing activities was RM0.07 million in the nine (9) months ended 30 September 2019, as compared to a net cash arising in investing activities of RM0.13 million in the previous corresponding period in 2018.

Net cash generated in financing activities was RM0.65 million during the period against RM1.09 million used for the corresponding period in 2018.

Overall cash and cash equivalents decreased by RM1.54 million as compared with opening cash and cash equivalents as at 1 January 2019. The cash and cash equivalents of the Group was RM11.66 million at 30 September 2019.

Segmental analysis

a. Current quarter ended 30 September 2019 (“3Q 2019”) compared with the previous corresponding quarter ended 30 September 2018 (“3Q 2018”):

FinTech

In 3Q 2019, FinTech segment revenue was RM1.08 million, a slight decrease of 0.55% as compared to 3Q 2018.

The segment recorded a reduction in operating profit before tax in the current quarter, from RM0.63 million in 3Q 2018 to RM0.39 million 3Q 2019. This was largely due to an increase in the segment’s general and administrative expenses, from RM0.29 million in Q3 2018 to RM0.48 million in Q3 2019.

IoT solutions

IoT solutions recorded a revenue of RM0.58 million in 3Q 2019 versus zero revenue in 3Q 2018.

The segment recorded an operating profit before tax of RM0.70 million in 3Q 2019 as compared to a segment operating loss before tax of RM0.50 million in 3Q 2018. This was largely contributed from partial litigation settlements received in 3Q2019 recognised in Other Income. The details of the litigation settlements are disclosed under Note B8 below.

Green Technology solutions

The GreenTech segment recorded a revenue of RM1.41 million in 3Q 2019 as compared to RM0.06 million in 3Q 2018. This is due to a fresh roll-out of a GreenTech solutions contract with an existing partner in 3Q 2019 as compared to 3Q 2018.

The segment recorded an operating profit before tax of RM0.20 million in 3Q 2019 as compared to segment operating loss before tax of RM0.26 million in 3Q 2018.

Sharing platform

Sharing platform recorded a revenue of RM0.59 million in 3Q 2019, down 35.93% from the same period last year. Nevertheless, the segment recorded an improved operating profit before tax of RM0.59 million in 3Q2019 as compared to RM0.44 million in 3Q 2018.

The improved operating profit before tax was contributed from recovery of a credit impaired trade receivables client amounting to RM0.4 million, which was provided for in 2018.

During the quarter under review, the Sharing platform segment processed 4,298,110 number of successful transactions, a decrease of 42.50% as compared to 7,475,057 number of successful transactions in the same period last year.

Big Data Analytics

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

The segment recorded an operating loss before tax of RM0.33 million in 3Q 2019 as compared to a segment operating loss of RM0.32 million in 3Q 2018. This was largely from common general and administrative expenses allocated on a reasonable basis to this segment.

Others

This segment comprises operations relating to investment holding company. The segment recorded a segment operating loss before tax of RM0.30 million in both 3Q 2019 and 3Q 2018.

B2. Comparison with immediate preceding quarter's results

| | Quarter ended | | Changes % |
|--|-----------------------|-----------------------|--------------|
| | 30 Sep 2019 RM'000 | 31 Jun 2019 RM'000 | |
| Revenue | 3,649 | 2,866 | 27 |
| Operating Profit Before Interest and Tax | 1,268 | 906 | 40 |
| Profit Before Tax | 1,214 | 883 | 37 |
| Profit After Tax & Attributable to Ordinary Equity Holders of the Parent | 1,078 | 754 | 43 |

Revenue for the quarter ended 30 September 2019 increased by RM0.78 million or 27%, while profit after tax increased by RM0.36 million or 43% in the current quarter as compared to the immediate preceding quarter. The increase in profit after tax in the current quarter was mainly due to the increase in revenue contributions from GreenTech and IoT solutions, and partial litigation settlements received amounting to RM0.98 million recognised as other income.

B3. Prospects for 2019

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

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

Nonetheless, the Group aims to improve the 2019 results further by continuously seeking new revenue streams through new product developments and project acquisitions. The Group will also take measures to improve its operational efficiency by streamlining the use of resources and effective business processes.

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

B4. Profit forecast

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

B5. Taxation

| | 3 months ended | | 9 months ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 30 Sep 2019 RM'000 | 30 Sep 2018 RM'000 | 30 Sep 2019 RM'000 | 30 Sep 2018 RM'000 |
| Tax expense recognised in profit or loss: | | | | |
| Current tax provision | 136 | 242 | 394 | 479 |
| Tax expense for the financial period | 136 | 242 | 394 | 479 |

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 at 28 November 2019, being the date of this report.

(ii) Utilisation of proceeds

The gross proceeds of RM2.552 million from the Private Placement exercise which was completed on 19 April 2019 were utilised in the following manner:

| Purpose | Proposed utilisation | Actual Utilisation | Intended Timeframe for Utilisation | Deviation | Explanations (if the deviation is 5% or more) | |
|-----------------------------|----------------------|--------------------|------------------------------------|------------|---|-----------|
| | RM'000 | RM'000 | | RM'000 | | |
| Capital Expenditure | 500 | 113 | Within 12 months | 387 | 77% | (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 | 2,165 | | 387 | 15% | |

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 30 September 2019 are as follows:

| | As at 3 rd quarter ended 2019 | | Total |
|-------------------------------------|--|------------|-------|
| | Long term | Short term | |
| Secured – property term loan* | 448 | 74 | 522 |
| Unsecured – hire purchase payable** | 379 | 112 | 491 |
| | | | |
| | As at 3 rd quarter ended 2018 | | Total |
| | Long term | Short term | |
| Secured – property term loan* | 528 | 74 | 602 |
| Unsecured - hire purchase payable** | 505 | 103 | 608 |

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

**The hire purchase payables of the Group as at 30 September 2019 are for the Group's motor vehicles. The portion of the hire purchase due within one (1) year is classified as current liabilities.

B8. Material litigation

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

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

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

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

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

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

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

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

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

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

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 | | 9 months ended | |
|--|----------------|----------------|----------------|----------------|
| | 30 Sep 2019 | 30 Sep 2018 | 30 Sep 2019 | 30 Sep 2018 |
| Profit attributable to the owners of the Company (RM'000) | 1,078 | (537) | 2,334 | (1,208) |
| Weighted average number of ordinary shares in issue ('000) | 248,387 | 225,806 | 239,454 | 225,806 |
| Basic earnings per share (sen) | 0.434 | (0.238) | 0.975 | (0.535) |

(b) Diluted earnings per share

The diluted earnings per share are calculated by dividing the net profit attributable to ordinary owners of the Company by the weighted average number of ordinary shares in issue during the period, adjusted for the dilutive effects of potential ordinary shares from share options granted pursuant to the Employees' Share Option Scheme ("ESOS").

| | 3 months ended | | 9 months ended | |
|---|----------------|----------------|----------------|----------------|
| | 30 Sep 2019 | 30 Sep 2018 | 30 Sep 2019 | 30 Sep 2018 |
| Profit attributable to the owners of the Company (RM'000) | 1,078 | (537) | 2,334 | (1,208) |
| Weighted average number of ordinary shares in issue ('000) | 248,387 | 225,806 | 239,454 | 225,806 |
| Effect of dilution from share options ('000) | 1,522 | - | 1,522 | - |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000) | 249,909 | 225,806 | 240,976 | 225,806 |
| Diluted earnings per share (sen) | 0.431 | (0.238) | 0.968 | (0.535) |

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 30 Sep 2019 RM'000 | 3 months ended 30 Sep 2018 RM'000 | 9 months ended 30 Sep 2019 RM'000 | 9 months ended 30 Sep 2018 RM'000 |
|--|--|--|--|--|
| Depreciation and amortisation expenses | 294 | 279 | 889 | 843 |
| Finance lease interest income | (305) | (211) | (769) | (666) |
| (Gain)/Loss on disposal of fixed asset | - | (200) | - | (200) |
| (Gain)/Loss on foreign exchange | | | | |
| - realised | - | 38 | - | 111 |
| - unrealised | - | (1) | - | (124) |
| Impairment loss on receivables | 25 | 295 | 205 | 304 |
| Income distribution received from short term funds | (80) | (115) | (276) | (349) |
| Interest expense | 16 | 5 | 60 | 50 |
| Litigation settlement received | (980) | - | (980) | - |
| Reversal of impairment loss on receivables | (410) | - | (1,629) | - |
| Waiver of creditor balance | - | - | (2,362) | - |
| Hibah/Others | (1) | - | (1) | (15) |

By Order of the Board

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

Kuala Lumpur
 28 November 2019