



IDB TECHNOLOGIES BERHAD
(Incorporated in Malaysia)
Registration No: 201801039812 (1301843-D)

**FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2019**

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES")**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET AND MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY US. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN US AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Unaudited 31.12.2019 RM'000	Group Audited 30.06.2019 RM'000
ASSETS		
NON-CURRENT ASSETS		
Equipment	244	226
	<u>244</u>	<u>226</u>
CURRENT ASSETS		
Inventories	41	39
Trade receivables	1,525	1,064
Other receivables, deposits and prepayments	23	36
Fixed deposit with a licensed bank	2,800	3,500
Cash and bank balances	160	311
	<u>4,549</u>	<u>4,950</u>
TOTAL ASSETS	<u>4,793</u>	<u>5,176</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	4,095	4,175
Merger deficit	(675)	(675)
Retained profits	450	705
TOTAL EQUITY	<u>3,870</u>	<u>4,205</u>
CURRENT LIABILITIES		
Trade payables	-	15
Other payables and accruals	828	765
Amount owing to a director	3	31
Current tax liabilities	92	160
TOTAL LIABILITIES	<u>923</u>	<u>971</u>
TOTAL EQUITY AND LIABILITIES	<u>4,793</u>	<u>5,176</u>
NET ASSETS PER SHARE (sen)	0.77	0.84

Note:

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR SIX-MONTH FINANCIAL PERIOD ENDED (“FPE”) 31 DECEMBER 2019

	Individual 6 months ended		Cumulative 6 months ended	
	31.12.2019 RM'000	31.12.2018 ⁽¹⁾ RM'000	31.12.2019 RM'000	31.12.2018 ⁽¹⁾ RM'000
Revenue	1,951	N/A	1,951	N/A
Cost of sales	(965)	N/A	(965)	N/A
Gross profit	986	N/A	986	N/A
Other income	64	N/A	64	N/A
Selling and marketing expenses	(379)	N/A	(379)	N/A
Administrative expenses	(347)	N/A	(347)	N/A
Other expenses	(305)	N/A	(305)	N/A
Net impairment losses on financial assets	(159)	N/A	(159)	N/A
Loss before taxation	(140)	N/A	(140)	N/A
Income tax expense	(115)	N/A	(115)	N/A
Loss after taxation/ total comprehensive income/ (expenses) for the financial period	(255)	N/A	(255)	N/A
Loss after taxation/ total comprehensive income for the financial period attributable to:- Owners of the Company	(255)	N/A	(255)	N/A
Loss per share (sen)				
Basic ⁽²⁾	0.05	N/A	0.05	N/A
Diluted ⁽²⁾	0.05	N/A	0.05	N/A

⁽¹⁾ This is the first interim financial report for the 1st half-year ended 31 December 2019 announced in compliance with the LEAP Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). There are no comparative figures for the preceding period as no interim report was prepared for the comparative financial period concerned.

⁽²⁾ The loss per share is computed based on the weighted average number of shares for the respective financial period.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2019

	Share Capital RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total Equity RM'000
The Group				
Balance at 30.6.2018/1.7.2018 (Restated)	675	(675)	588	588
Contribution by owners of the Company:				
- Issuance of shares	3,500	-	-	3,500
Profit after taxation/Total comprehensive income for the financial period	-	-	117	117
Balance at 30.06.2019	4,175	(675)	705	4,205
Loss after taxation/Total comprehensive expenses for the financial period	-	-	(255)	(255)
Listing expenses	(80)	-	-	(80)
Balance at 31.12.2019	4,095	(675)	450	3,870

Note:

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2019

	Unaudited 31.12.2019 RM'000	Unaudited 31.12.2018 ⁽¹⁾ RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Loss before taxation	(140)	N/A
Adjustments for:-		
Depreciation of equipment	30	N/A
Impairment loss on trade receivables	160	N/A
Reversal of impairment losses on trade receivables	(1)	N/A
Listing expenses	354	N/A
Operating profit before working capital changes	403	N/A
Increase in inventories	(2)	N/A
Increase in trade and other receivables	(607)	N/A
Increase in trade and other payables	48	N/A
Decrease in amount owing to a director	(28)	N/A
CASH FOR OPERATIONS	(186)	N/A
Income tax paid	(183)	N/A
NET CASH FOR OPERATING ACTIVITIES	(369)	N/A
NET CASH FOR INVESTING ACTIVITY		
Purchase of equipment	(48)	N/A
NET CASH FOR FINANCING ACTIVITY		
Listing expenses	(434)	N/A
NET DECREASE IN CASH AND CASH EQUIVALENTS	(851)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	3,811	N/A
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	2,960	N/A
CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:		
Fixed deposit with a licensed bank	2,800	N/A
Cash and bank balances	160	N/A
	2,960	N/A

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Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

⁽¹⁾ This is the first interim financial report for the 1st half-year ended 31 December 2019 announced in compliance with the LEAP Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). There are no comparative figures for the preceding period as no interim report was prepared for the comparative financial period concerned.

**A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE PERIOD
END 31 DECEMBER 2019**

A1. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

These unaudited interim financial statements have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Part C, Rule 6.12 and Part A, Appendix 6A of the LEAP Market Listing Requirements ("LEAP LR") issued by Bursa Malaysia Securities Berhad ("Bursa Securities").

These unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the preparation of these unaudited interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 30 June 2019, except for the adoption of the following MFRSs and Amendments to MFRSs as disclosed below:

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty Over Income Tax Treatments
- Amendments to MFRS 9 Prepayment Features with Negative Compensation
- Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures
- Annual Improvements to MFRS Standards 2015 – 2017 Cycles

The adoption of the above accounting standards and interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method.

The Group is currently assessing the financial impact that may arise from the adoption of this standard.

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A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial period:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020

The adoption of the above accounting standards and/or interpretation (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 30 June 2019 were not subject to any qualification.

A4. SEASONALITY OR CYCLICALITY FACTORS

Generally, our Group's business is not subjected to any anomalous cyclical or seasonal trend.

A5. UNUSUAL ITEMS

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the semi-annual period and financial year ended 30 June 2019.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in critical accounting estimates and judgments during the financial period ended 31 December 2019.

A7. DEBT AND EQUITIES SECURITY

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial period ended 31 December 2019.

A8. SEGMENTAL INFORMATION

The Group's revenue based on its activities is presented as follows:

(a) By segments

Revenue	Individual unaudited 6 months ended 31 December 2019	
	RM'000	%
Proprietary software	1,335	68.43
Hardware	293	15.02
Other services and solutions	323	16.55
Total	1,951	100.00

(b) By locations

	Individual unaudited 6 months ended 31 December 2019	
	RM'000	%
Malaysia		
- Klang Valley	580	29.73
- Perak	428	21.94
- Sabah	266	13.63
- Penang	184	9.43
- Others	468	23.99
Cambodia	25	1.28
Total	1,951	100.00

A9. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

There were no material events subsequent to the end of the reporting that have not been reflected in the interim financial statement.

A10. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the 6-month financial period ended 31 December 2019.

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A11. CAPITAL COMMITMENTS

There were no material capital commitments as at 31 December 2019.

A12. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities as at 31 December 2019.

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B. ADDITIONAL INFORMATION REQUIRED UNDER LEAP MARKET LISTING REQUIREMENTS**B1. ANALYSIS OF FINANCIAL PERFORMANCE**

Our group recorded a revenue of approximately RM1.95 million with a gross profit of RM0.99 million for 6-months financial period ended 31 December 2019. Our revenue is mainly derived from sales of proprietary software amounting to RM1.34 million or 68.43% of total revenue.

Our loss after tax for the current financial period is mainly due to:

- i) One-off item of listing expenses amounting to RM0.35 million;
- ii) Higher payroll and related expenses amounting to RM0.80 million due to new hiring.

B2. PROSPECTS

As disclosed in our Information Memorandum dated 6 September 2019, our group is implementing and maintaining our plans and strategies to expand locally and to other geographical areas and to undertake continuous development of new solutions to keep up with technological trends. Barring any unforeseen circumstances, the Board of Directors of our Company is of the opinion that the prospects of our group's financial performance for the financial year ending 30 June 2020 will remain favourable.

However, in view of the current COVID-19 outbreak, the tourism industry might be adversely affected, which in turn may affect our business. This also depends on the proposed measures to be undertaken by the government, amongst others, to provide incentives for the domestic tourism industry.

B3. VARIANCE FROM PROFIT FORECAST AND PROFIT GUARANTEE

Not applicable as the Group did not publish any profit forecast or profit guarantee in any public document or announcement.

C. OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

No corporate proposal was announced or pending completion as at the date of this report.

C2. UTILISATION OF PROCEEDS

The status of the utilisation of proceeds from the subscription of IDB shares by pre-IPO investors of RM3.50 million is as follows:

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation* RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Technology research and development	720	28	692	Within 36 months
Expansion expenses	1,000	94	906	Within 36 months
Working capital	980	341	639	Within 36 months
Estimated listing expenses	800	800	-	Utilised
	<hr/>	<hr/>	<hr/>	
	3,500	1,263	2,237	
	<hr/>	<hr/>	<hr/>	

Note:

* *Status of utilisation as at 31 December 2019.*

C3. MATERIAL LITIGATION

There are no material litigations pending as at the date of this report.

C4. DIVIDEND

The Board does not propose any interim dividend payment for this financial period.