



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

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED  
30 JUNE 2020**

**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 30 JUNE 2020**

|   | <b>Unaudited</b>  | <b>Group</b> | <b>Audited</b>    |
|---|-------------------|--------------|-------------------|
|   | <b>30.06.2020</b> |              | <b>30.06.2019</b> |
|   | RM'000            |              | RM'000            |
| <b>ASSETS</b>                               |                   |              |                   |
| <b>NON-CURRENT ASSETS</b>                   |                   |              |                   |
| Equipment                                   | 210               |              | 226               |
| Technology & Research Development           | 66                |              | -                 |
|   | <u>276</u>        |              | <u>226</u>        |
| <b>CURRENT ASSETS</b>                       |                   |              |                   |
| Inventories                                 | 80                |              | 39                |
| Trade receivables                           | 1,438             |              | 1,064             |
| Other receivables, deposits and prepayments | 34                |              | 36                |
| Fixed deposit with a licensed bank          | 2,200             |              | 3,500             |
| Cash and bank balances                      | 450               |              | 311               |
|   | <u>4,202</u>      |              | <u>4,950</u>      |
| <b>TOTAL ASSETS</b>                         | <u>4,478</u>      |              | <u>5,176</u>      |
| <b>EQUITY AND LIABILITIES</b>               |                   |              |                   |
| <b>EQUITY</b>                               |                   |              |                   |
| Share capital                               | 4,095             |              | 4,175             |
| Merger deficit                              | (675)             |              | (675)             |
| Retained profits                            | 157               |              | 705               |
| <b>TOTAL EQUITY</b>                         | <u>3,577</u>      |              | <u>4,205</u>      |
| <b>CURRENT LIABILITIES</b>                  |                   |              |                   |
| Trade payables                              | 64                |              | 15                |
| Other payables and accruals                 | 821               |              | 765               |
| Amount owing to a director                  | 14                |              | 31                |
| Current tax liabilities                     | 2                 |              | 160               |
| <b>TOTAL LIABILITIES</b>                    | <u>901</u>        |              | <u>971</u>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>         | <u>4,478</u>      |              | <u>5,176</u>      |
| NET ASSETS PER SHARE (sen)                  | 0.72              |              | 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.*

**IDB TECHNOLOGIES BERHAD**

Registration No: 201801039812 (1301843-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2020**

|   | <b>Individual 6 months ended</b> |                                 | <b>Cumulative 12 months ended</b> |                   |
|---|----------------------------------|---------------------------------|-----------------------------------|-------------------|
|   | <b>30.06.2020</b>                | <b>30.06.2019<sup>(1)</sup></b> | <b>30.06.2020</b>                 | <b>30.06.2019</b> |
|   | <b>RM'000</b>                    | <b>RM'000</b>                   | <b>RM'000</b>                     | <b>RM'000</b>     |
| Revenue   | 1,428                            | N/A                             | 3,379                             | 2,972             |
| Cost of sales   | (891)                            | N/A                             | (1,856)                           | (1,212)           |
| <b>Gross profit</b>   | <b>537</b>                       | <b>N/A</b>                      | <b>1,523</b>                      | <b>1,760</b>      |
| Other income  | 105                              | N/A                             | 169                               | 17                |
| Selling and marketing expenses  | (277)                            | N/A                             | (656)                             | (463)             |
| Administrative expenses   | (347)                            | N/A                             | (694)                             | (506)             |
| Other expenses  | (40)                             | N/A                             | (345)                             | (493)             |
| Net (impairment losses)/ reversal of impairment losses on financial assets  | (285)                            | N/A                             | (444)                             | 77                |
| <b>(Loss)/Profit before taxation</b>  | <b>(307)</b>                     | <b>N/A</b>                      | <b>(447)</b>                      | <b>392</b>        |
| Income tax expense  | 14                               | N/A                             | (101)                             | (275)             |
| <b>(Loss)/Profit after taxation/ total comprehensive (expenses)/income for the financial period</b>                   | <b>(293)</b>                     | <b>N/A</b>                      | <b>(548)</b>                      | <b>117</b>        |
| <b>(Loss)/Profit after taxation/ total comprehensive (expenses)/income for the financial period attributable to:-</b> |                                  |                                 |                                   |                   |
| Owners of the Company   | (293)                            | N/A                             | (548)                             | 117               |
| <b>(Loss)/Earning per share (sen)</b>   |                                  |                                 |                                   |                   |
| Basic <sup>(2)</sup>  | (0.06)                           | N/A                             | (0.11)                            | 0.03              |
| Diluted <sup>(2)</sup>  | (0.06)                           | N/A                             | (0.11)                            | 0.03              |

<sup>(1)</sup> This is the first interim financial report for the 1<sup>st</sup> half-year ended 31 December 2019 announced in compliance with the LEAP Market Listing Requirements (“LEAP LR”) 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.

<sup>(2)</sup> The loss per share is computed based on the weighted average number of shares of 456,378,601 for FYE 30 June 2019 and 500,000,000 for FYE 30 June 2020.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE  
FYE 30 JUNE 2020**

|   | <b>Share<br/>Capital<br/>RM'000</b> | <b>Merger<br/>Deficit<br/>RM'000</b> | <b>Retained<br/>Profits<br/>RM'000</b> | <b>Total<br/>Equity<br/>RM'000</b> |
|---|-------------------------------------|--------------------------------------|--|------------------------------------|
| The Group   |                                     |                                      |  |                                    |
| Balance at 30.6.2018/1.7.2018<br>(Restated)                                     | 675                                 | (675)                                | 588                                    | 588                                |
| Contribution by owners of the<br>Company:                                       |                                     |                                      |  |                                    |
| - Issuance of shares  | 3,500                               | -                                    | -                                      | 3,500                              |
| Profit after taxation/Total<br>comprehensive income for the<br>financial period | -                                   | -                                    | 117                                    | 117                                |
| Balance at 30.06.2019   | 4,175                               | (675)                                | 705                                    | 4,205                              |
| Loss after taxation/Total<br>comprehensive expenses for the<br>financial period | -                                   | -                                    | (548)                                  | (548)                              |
| Listing expenses  | (80)                                | -                                    | -                                      | (80)                               |
| Balance at 30.06.2020   | 4,095                               | (675)                                | 157                                    | 3,577                              |

**Note:**

*The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the FYE 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 FYE 30 JUNE 2020**

|   | <b>Unaudited<br/>30.06.2020<br/>RM'000</b> | <b>Audited<br/>30.06.2019<br/>RM'000</b> |
|---|--|--|
| <b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>                     |  |  |
| (Loss)/Profit before taxation   | (447)                                      | 392                                      |
| Adjustments for:-   |  |  |
| Depreciation of equipment   | 65   | 48                                       |
| Impairment losses on trade receivables                                | 454  | 121                                      |
| Reversal of impairment losses on trade receivables                    | (10)                                       | (198)                                    |
| Listing expenses  | 280  | 445                                      |
| Operating profit before working capital changes                       | 342  | 808                                      |
| Increase in inventories   | (41)                                       | (40)                                     |
| (Increase)/Decrease in trade and other receivables                    | (816)                                      | 526                                      |
| Increase/(Decrease) in trade and other payables                       | 105  | (347)                                    |
| (Decrease)/Increase in amount owing to a director                     | (17)                                       | 15                                       |
| <b>CASH (FOR)/FROM OPERATIONS</b>                                     | (427)                                      | 962                                      |
| Income tax paid   | (259)                                      | (382)                                    |
| <b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>                       | (686)                                      | 580                                      |
| <b>CASH FOR INVESTING ACTIVITIES</b>                                  |  |  |
| Purchase of equipment   | (49)                                       | (206)                                    |
| Research & development expenses                                       | (66)                                       | -  |
| <b>NET CASH FOR INVESTING ACTIVITIES</b>                              | (115)                                      | (206)                                    |
| <b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>                     |  |  |
| Proceeds from issuance of shares                                      | -  | 3,500                                    |
| Listing expenses  | (360)                                      | (445)                                    |
| <b>NET CASH (FOR)/FROM FINANCING ACTIVITIES</b>                       | (360)                                      | 3,055                                    |
| <b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>           | (1,161)                                    | 3,429                                    |
| <b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b> | 3,811                                      | 382                                      |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>       | 2,650                                      | 3,811                                    |
| <b>CASH AND CASH EQUIVALENTS COMPRISE THE FOLLOWING:</b>              |  |  |
| Fixed deposit with a licensed bank                                    | 2,200                                      | 3,500                                    |
| Cash and bank balances  | 450  | 311                                      |
|   | 2,650                                      | 3,811                                    |

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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 FYE 30 June 2019 and the accompanying explanatory notes attached to this interim financial report.*

## **IDB TECHNOLOGIES BERHAD**

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### **A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR FYE 30 JUNE 2020**

#### **A1. BASIS OF PREPARATION**

The financial statements of IDB Technologies Berhad and its subsidiary (“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 LR issued by Bursa Securities.

These unaudited interim financial statements should be read in conjunction with the audited financial statements for the FYE 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 FYE 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 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 3: Reference to the Conceptual Framework   | 1 January 2022 |
| 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 MFRS 101: Classification of Liabilities as Current or Non-current   | 1 January 2022 |
| Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use                                      | 1 January 2022 |
| Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract   | 1 January 2022 |
| Amendments to References to the Conceptual Framework in MFRS Standards  | 1 January 2020 |
| Annual Improvements to MFRS Standards 2018 – 2020   | 1 January 2022 |

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 FYE 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**

The implementation of Movement Control Order ("MCO") by the Malaysian Government due to COVID-19 pandemic has negatively impacted our business.

Other than the above, there were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the semi-annual period and FYE 30 June 2020.



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**A6. MATERIAL CHANGES IN ESTIMATES**

There were no material changes in critical accounting estimates and judgments during the FYE 30 June 2020.

**A7. DEBT AND EQUITIES SECURITY**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the FYE 30 June 2020.

**A8. SEGMENTAL INFORMATION**

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

(a) By segments

| Revenue                      | Individual unaudited<br>6 months ended<br>30 June 2020 |        | Cumulative unaudited<br>12 months ended<br>30 June 2020 |        |
|------------------------------|--|--------|---|--------|
|                              | RM'000   | %      | RM'000  | %      |
| Proprietary software         | 981  | 68.70  | 2,316   | 68.54  |
| Hardware                     | 158  | 11.06  | 451   | 13.35  |
| Other services and solutions | 289  | 20.24  | 612   | 18.11  |
| Total                        | 1,428  | 100.00 | 3,379   | 100.00 |

(b) By locations

|                | Individual unaudited<br>6 months ended<br>30 June 2020 |        | Cumulative unaudited<br>12 months ended<br>30 June 2020 |        |
|----------------|--|--------|---|--------|
|                | RM'000   | %      | RM'000  | %      |
| Malaysia       |  |        |   |        |
| - Klang Valley | 324  | 22.69  | 904   | 26.75  |
| - Johor        | 213  | 14.92  | 264   | 7.81   |
| - Melaka       | 203  | 14.22  | 349   | 10.33  |
| - Perak        | 196  | 13.72  | 624   | 18.47  |
| - Others       | 435  | 30.46  | 1,156   | 34.21  |
| Cambodia       | 49   | 3.43   | 74  | 2.19   |
| Thailand       | 8  | 0.56   | 8   | 0.24   |
| Total          | 1,428  | 100.00 | 3,379   | 100.00 |

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**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 FYE 30 June 2020.

**A11. CAPITAL COMMITMENTS**

There were no material capital commitments as at 30 June 2020.

**A12. CONTINGENT ASSETS AND LIABILITIES**

There were no material contingent assets and liabilities as at 30 June 2020.

## **IDB TECHNOLOGIES BERHAD**

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### **B. ADDITIONAL INFORMATION REQUIRED UNDER LEAP MARKET LISTING REQUIREMENTS**

#### **B1. ANALYSIS OF FINANCIAL PERFORMANCE**

The Group recorded a revenue of approximately RM3.38 million for current FYE 30 June 2020, as compared to approximately RM2.97 million in the previous financial year, representing an increase of approximately RM0.41 million or 13.80%. Our revenue is mainly derived from sales of proprietary software amounting to RM2.32 million or 68.54% of total revenue.

The Group recorded lower gross profit of approximately RM1.52 million in FYE 30 June 2020 compared to gross profit of approximately RM1.76 million in FYE 30 June 2019, representing a decrease of approximately RM0.24 million. This is mainly due to higher cost of sales incurred for additional manpower from Technology department and Support & Operation department.

The Group's registered a loss after tax for the current FYE 30 June 2020 of RM0.55 million as compared to the profit after tax of RM0.12 million for FYE 30 June 2019, representing decrease of RM0.67 million mainly due to:

- i) one-off item of listing expenses amounting to RM0.28 million;
- ii) impairment loss on financial assets amounting to RM0.44 million;
- iii) payroll and related expenses amounting to RM1.61 million for FYE 30 June 2020 as compared to RM0.95 million for FYE 30 June 2019 mainly 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. The MCO arising from COVID-19 pandemic has resulted in Malaysia's economy contracted 17.1% in the second quarter of 2020. The tourism industry was adversely affected, which in turn affected our business.

The Board of Directors of our Company ("Board") noted that Bank Negara Malaysia has projected the Malaysia's economy to register for a full-year contraction of 3.5% to 5.5% in 2020 before a rebound to 5.5% to 8.0% growth next year. The Board is of the opinion that the prospects of our Group's financial performance for the current financial year ending 30 June 2021 remains challenging.

#### **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.

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**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:

| <b>Details of utilisation</b>       | <b>Proposed utilisation<br/>RM'000</b> | <b>Actual utilisation*<br/>RM'000</b> | <b>Balance<br/>RM'000</b> | <b>Estimated<br/>timeframe for<br/>utilisation upon<br/>listing</b> |
|-------------------------------------|--|---------------------------------------|---------------------------|---|
| Technology research and development | 720                                    | 83                                    | 637                       | Within 36 months  |
| Expansion expenses                  | 1,000                                  | 156                                   | 844                       | Within 36 months  |
| Working capital                     | 980                                    | 635                                   | 345                       | Within 36 months  |
| Estimated listing expenses          | 800                                    | 800                                   | -                         | Utilised  |
|                                     | <hr/>                                  | <hr/>                                 | <hr/>                     |   |
|                                     | 3,500                                  | 1,674                                 | 1,826                     |   |
|                                     | <hr/>                                  | <hr/>                                 | <hr/>                     |   |

*Note:*

\* *Status of utilisation as at 30 June 2020.*

**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.