



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

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED
30 JUNE 2021**

**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 2021

	Unaudited	Group
	30.06.2021	30.06.2020
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Equipment	206	210
Right-of-use asset	50	94
Intangible assets	93	66
	349	370
CURRENT ASSETS		
Inventories	62	80
Trade receivables	1,971	1,431
Other receivables, deposits and prepayments	42	37
Fixed deposit with a licensed bank	1,800	2,200
Cash and bank balances	642	448
	4,517	4,196
TOTAL ASSETS	4,866	4,566
EQUITY AND LIABILITIES		
EQUITY		
Share capital	4,095	4,095
Merger deficit	(675)	(675)
Retained profits	317	145
TOTAL EQUITY	3,737	3,565
NON-CURRENT LIABILITY		
Lease liability	8	56
CURRENT LIABILITIES		
Trade payables	62	64
Other payables and accruals	898	821
Amount owing to a director	37	14
Lease liability	48	44
Current tax liabilities	76	2
	1,121	945
TOTAL LIABILITIES	1,129	1,001
TOTAL EQUITY AND LIABILITIES	4,866	4,566
NET ASSETS PER SHARE (sen)⁽¹⁾	0.75	0.71



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IDB TECHNOLOGIES BERHAD

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Notes:

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 2020 and the accompanying explanatory notes attached to this interim financial report.

(¹) Net assets per share is calculated based on the Group's number of ordinary shares in issue of 500,000,000 as at the end of the financial reporting period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2021

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2021 RM'000	30.06.2020 RM'000	30.06.2021 RM'000	30.06.2020 RM'000
Revenue	1,486	1,428	3,745	3,379
Cost of sales	(1,009)	(891)	(1,940)	(1,856)
Gross profit	477	537	1,805	1,523
Other income	20	75	78	139
Selling and marketing expenses	(194)	(318)	(479)	(697)
Administrative expenses	(303)	(230)	(618)	(577)
Other expenses	(55)	(84)	(94)	(389)
Finance costs	(2)	(7)	(5)	(7)
Net impairment losses on financial assets	(242)	(292)	(294)	(451)
(Loss)/Profit before taxation	(299)	(319)	393	(459)
Income tax expense	(23)	14	(221)	(101)
(Loss)/Profit after taxation/ total comprehensive (expenses)/income for the financial period/year	(322)	(305)	172	(560)
(Loss)/Profit after taxation/ total comprehensive (expenses)/income for the financial period/year attributable to:- Owners of the Company	(322)	(305)	172	(560)
(Loss)/Earnings per share (sen)				
Basic/ Diluted ⁽¹⁾	(0.06)	(0.06)	0.03	(0.11)

Note:

⁽¹⁾ Loss/ Earnings per share is calculated based on the Group's number of ordinary shares in issue of 500,000,000 as at the end of the financial reporting period.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE
FYE 30 JUNE 2021**

	Share Capital RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total Equity RM'000
The Group				
Balance at 1.7.2019	4,175	(675)	705	4,205
Loss after taxation/Total comprehensive expenses for the financial year	-	-	(560)	(560)
Listing expenses	(80)	-	-	(80)
Balance at 30.06.2020/01.07.2020	4,095	(675)	145	3,565
Profit after taxation/Total comprehensive income for the financial year	-	-	172	172
Balance at 30.06.2021	4,095	(675)	317	3,737

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 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 30 JUNE 2021

	Unaudited 30.06.2021 RM'000	Audited 30.06.2020 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit/(Loss) before taxation	393	(459)
Adjustments for:-		
Amortisation of intangible asset	11	-
Depreciation of equipment	40	65
Depreciation of right-of-use asset	44	43
Impairment losses on trade receivables	568	460
Interest expense on lease liability	5	7
Listing expenses	-	269
Interest income	(48)	(80)
Reversal of impairment losses on trade receivables	(274)	(10)
Operating profit before working capital changes	739	295
Decrease/(Increase) in inventories	3	(39)
Increase in trade and other receivables	(839)	(819)
Increase in trade and other payables	75	104
Increase/(Decrease) in amount owing to a director	23	(17)
CASH FLOWS FOR OPERATIONS	1	(476)
Income tax paid	(146)	(267)
Income tax refunded	-	9
NET CASH FOR OPERATING ACTIVITIES	(145)	(734)
CASH FOR INVESTING ACTIVITIES		
Interest received	48	80
Placement of fixed deposits with tenure more than 3 months	-	(1,200)
Purchase of equipment	(22)	(50)
Addition of intangible assets	(38)	(66)
NET CASH FOR INVESTING ACTIVITIES	(12)	(1,236)
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(5)	(7)
Payment of listing expenses	-	(349)
Repayment of lease liability	(44)	(37)
NET CASH FOR FINANCING ACTIVITIES	(49)	(393)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(206)	(2,363)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	1,448	3,811
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	1,242	1,448

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 30 JUNE 2021 (CONT'D)

	Unaudited 30.06.2021 RM'000	Audited 30.06.2020 RM'000
THE CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposit with a licensed bank	1,800	2,200
Cash and bank balances	<u>642</u>	<u>448</u>
	2,442	2,648
Less: Fixed deposits with tenure more than 3 months	<u>(1,200)</u>	<u>(1,200)</u>
CASH AND CASH EQUIVALENTS	<u>1,242</u>	<u>1,448</u>

Note:

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the FYE 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.

A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR FYE 30 JUNE 2021

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 Listing Requirements issued by Bursa Securities.

These unaudited interim financial statements should be read in conjunction with the audited financial statements for the FYE 30 June 2020 and the accompanying explanatory notes attached to this interim financial report.

A2. SIGNIFICANT ACCOUNTING POLICIES

During the current financial year, the Group has adopted the following new accounting standard(s) and/or interpretation(s) (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9

Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and MFRS 108: Definition of Material

Amendments to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s financial statements.

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 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
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
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 2020 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 a series of Movement Control Order (“MCO”) by the Malaysian Government due to COVID-19 pandemic has adversely impacted our business and operations.

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 2021.

A6. MATERIAL CHANGES IN ESTIMATES

There were no material changes in critical accounting estimates and judgments during the FYE 30 June 2021.

A7. DEBT AND EQUITIES SECURITY

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the FYE 30 June 2021.

A8. SEGMENTAL INFORMATION

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

(a) By segments

Revenue	Individual 6 months ended				Cumulative 12 months ended			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Proprietary software	1,078	72.54	981	68.70	2,802	74.82	2,316	68.54
Hardware	241	16.22	158	11.06	442	11.80	451	13.35
Other services and solutions	167	11.24	289	20.24	501	13.38	612	18.11
Total	1,486	100.00	1,428	100.00	3,745	100.00	3,379	100.00

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A8. SEGMENTAL INFORMATION

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

(b) By locations

	Individual 6 months ended				Cumulative 12 months ended			
	30 June 2021		30 June 2020		30 June 2021		30 June 2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia								
- Pahang	458	30.82	65	4.55	838	22.38	198	5.86
- Klang Valley	446	30.01	324	22.69	1,134	30.28	904	26.75
- Penang	118	7.94	115	8.05	316	8.44	299	8.85
- Perak	96	6.46	196	13.73	232	6.20	624	18.47
- Melaka	81	5.45	203	14.22	382	10.20	349	10.33
- Others	280	18.85	468	32.77	736	19.65	923	27.32
Cambodia	7	0.47	49	3.43	26	0.69	74	2.19
Singapore	-	-	-	-	81	2.16	-	-
Thailand	-	-	8	0.56	-	-	8	0.23
Total	1,486	100.00	1,428	100.00	3,745	100.00	3,379	100.00

A9. SIGNIFICANT EVENTS OCCURING AFTER THE REPORTING PERIOD

There were no material events subsequent to the end of the reporting period 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 2021.

A11. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 June 2021.

A12. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities as at 30 June 2021.

B. ADDITIONAL INFORMATION REQUIRED UNDER LEAP MARKET LISTING REQUIREMENTS

B1. ANALYSIS OF FINANCIAL PERFORMANCE

(a) Comparison between current financial year and the preceding financial year

The Group recorded a revenue of approximately RM3.75 million for the current FYE 30 June 2021, as compared to approximately RM3.38 million in the previous financial year, representing an increase of approximately RM0.37 million or 10.95%. Our revenue is mainly derived from sales of proprietary software amounting to RM2.80 million or 74.82% of the total revenue.

In line with the increase of revenue, the Group recorded higher gross profit of approximately RM1.81 million in FYE 30 June 2021 compared to the gross profit of approximately RM1.52 million in FYE 30 June 2020, representing an increase of approximately RM0.29 million. Despite tourism industry has been adversely affected by outbreak of COVID-19, our Group has successfully secured more hotel projects attributed by our aggressive marketing effort.

The Group recorded a profit after tax for the current FYE 30 June 2021 of RM0.17 million as compared to the loss after tax of RM0.56 million for FYE 30 June 2020, representing increase of RM0.73 million mainly due to:

- i) higher gross profit in FYE 30 June 2021;
- ii) one-off item of listing expenses amounting to RM0.28 million incurred in FYE 30 June 2020;
- iii) lower selling and marketing expenses by RM0.22 million due to the MCO in FYE 30 June 2021.
- iv) higher impairment loss on financial assets amounting to RM0.16 million in FYE 30 June 2020;

(b) Comparison between current 6 months financial period ("2H FYE2021") and preceding year corresponding 6 months financial period ("2H FYE2020")

For 2H FYE2021, the Group registered loss after tax of RM0.32 million as compared to RM0.31 million loss after tax in 2H FYE2020. The lower of loss after tax is mainly due to the lower selling and marketing expenses incurred in 2H FYE2021.

(c) Comparison between current 6 months financial period ("2H FYE2021") and immediate preceding 6 months financial period ("1H FYE 2021")

Our Group revenue decreased by RM0.77 million or 34.22% from RM2.26 million in 1H FYE 2021 to RM1.49 million in 2H FYE2021 mainly due to higher number of projects being secured and implemented in 1H FYE 2021 coupled with the delay of implementation of projects in 2H FYE 2021.

Our Group registered a loss before tax in 2H FYE 2021 of RM0.32 million as compared to the profit before taxation of RM0.69 million in 1H FYE 2021. The decrease of RM1.01 million mainly due to lower revenue generated in 2H FYE 2021 and higher impairment loss on financial asset incurred in 2H FYE 2021.

B2. PROSPECTS

Our Group will continue our plans and strategies to expand locally and to undertake continuous development of new solutions to keep up with the technological trends.

The tourism industry has been adversely affected due to the imposition of travel restriction and border control implementation, which in turn has affected our business. Such restrictive measures have resulted in the temporary shut down of business of our clients and the delay in the implementation of our projects.

The Board is of the opinion that the prospects of our Group's financial performance for the financial year ending 30 June 2022 will be challenging. Nevertheless, our Group will continuously monitor the impact of COVID-19 on our Group's financial performance and financial position and will also take appropriate actions to minimise the impact of the pandemic on our Group's business and operations.

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 ⁽¹⁾ RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Technology research and development	720	133	587	Within 36 months
Expansion expenses	1,000	218	782	Within 36 months
Working capital	980	980	-	Within 36 months
Estimated listing expenses	800	800	-	Utilised
	3,500	2,131	1,369	

Note:

⁽¹⁾ Status of utilisation as at 30 June 2021.

In the event that the actual amounts vary from the above estimates, the excess or deficit, as the case may be, would be reallocated to/from the amount earmarked for working capital.

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.