



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

**FINANCIAL STATEMENTS FOR THE SECOND HALF-YEAR ENDED
30 JUNE 2023**

**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 2023

	Unaudited 30.06.2023 RM'000	Group Audited 30.06.2023 RM'000
ASSETS		
NON-CURRENT ASSETS		
Equipment	638	793
Right-of-use asset	-	7
Intangible assets	24	64
	662	864
CURRENT ASSETS		
Inventories	154	72
Trade receivables	1,334	2,011
Other receivables, deposits and prepayments	67	57
Fixed deposit with a licensed bank	4,112	1,800
Cash and bank balances	461	1,994
	6,128	5,934
TOTAL ASSETS	6,790	6,798
EQUITY AND LIABILITIES		
EQUITY		
Share capital	4,095	4,095
Merger deficit	(675)	(675)
Retained profits	1,470	1,134
TOTAL EQUITY	4,890	4,554
NON-CURRENT LIABILITY		
Hire purchase payables	378	465
CURRENT LIABILITIES		
Trade payables	11	-
Other payables and accruals	1,155	1,410
Lease liability	-	8
Hire purchase payables	79	76
Current tax liabilities	277	285
	1,522	1,779
TOTAL LIABILITIES	1,900	2,244
TOTAL EQUITY AND LIABILITIES	6,790	6,798
NET ASSETS PER SHARE (sen)⁽¹⁾	0.98	0.91



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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 2022 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.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED (“FYE”) 30 JUNE 2023

	Individual 6 months ended		Cumulative 12 months ended	
	30.06.2023 RM'000	30.06.2022 RM'000	30.06.2023 RM'000	30.06.2022 RM'000
Revenue	3,420	2,708	6,606	4,250
Cost of sales	(1,522)	(1,137)	(2,882)	(2,042)
Gross profit	1,898	1,571	3,724	2,208
Other income	52	93	84	177
Selling and marketing expenses	(484)	(297)	(829)	(490)
Administrative expenses	(477)	(377)	(906)	(719)
Other expenses	(113)	(121)	(233)	(200)
Finance costs	(6)	(5)	(12)	(8)
Net reversal of impairment losses on financial assets	17	353	24	244
Profit/(Loss) before taxation	887	1,217	1,852	1,212
Income tax expense	(240)	(323)	(516)	(395)
Profit/(Loss) after taxation/ total comprehensive income/(expenses) for the financial period/year	647	894	1,336	817
Profit/(Loss) after taxation/ total comprehensive income/(expenses) for the financial period/year attributable to:-				
Owners of the Company	647	894	1,336	817
Earnings/(Loss) per share (sen)				
Basic/ Diluted ⁽¹⁾	0.13	0.18	0.27	0.16

Note:

⁽¹⁾ Earnings/Loss 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 2023**

	Share Capital RM'000	Merger Deficit RM'000	Retained Profits RM'000	Total Equity RM'000
The Group				
Balance at 1.7.2021	4,095	(675)	317	3,737
Profit after taxation/Total comprehensive income for the financial year	-	-	817	817
Balance at 30.06.2022/01.07.2022	4,095	(675)	1,134	4,554
Profit after taxation/Total comprehensive income for the financial year	-	-	1,336	1,336
Dividend paid	-	-	(1,000)	(1,000)
Balance at 30.06.2023	4,095	(675)	1,470	4,890

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 2022 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 2023

	Unaudited 30.06.2023 RM'000	Audited 30.06.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,852	1,212
Adjustments for:-		
Amortisation of intangible asset	40	37
Depreciation of equipment	186	120
Depreciation of right-of-use asset	7	43
Impairment losses on trade receivables	261	311
Interest expense	12	8
Interest income	(83)	(36)
Gain on disposal of motor vehicle	-	(73)
Reversal of impairment losses on trade receivables	(285)	(555)
Operating profit before working capital changes	1,990	1,067
Increase in inventories	(82)	(10)
Decrease in trade and other receivables	691	189
(Decrease)/Increase in trade and other payables	(244)	451
CASH FLOWS FROM OPERATIONS	2,355	1,660
Income tax paid	(524)	(186)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	1,831	1,474
CASH FOR INVESTING ACTIVITIES		
Interest received	83	36
Purchase of equipment	(31)	(124)
Placement of fixed deposits with tenure more than 3 months	(1,912)	-
Proceeds from sales of motor vehicle	-	73
Addition of intangible assets	-	(8)
NET CASH FOR INVESTING ACTIVITIES	(1,860)	(23)
CASH FLOWS FOR FINANCING ACTIVITIES		
Dividend paid	(1,000)	-
Repayment of hire purchase obligations	(84)	(43)
Interest paid	(12)	(8)
Repayment of lease liability	(8)	(48)
NET CASH FOR FINANCING ACTIVITIES	(1,104)	(99)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,133)	1,352
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	2,594	1,242
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	1,461	2,594

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 30 JUNE 2023 (CONT'D)

	Unaudited 30.06.2023 RM'000	Audited 30.06.2022 RM'000
THE CASH AND CASH EQUIVALENTS COMPRISE:		
Fixed deposit with a licensed bank	4,112	1,800
Cash and bank balances	461	1,994
	<u>4,573</u>	<u>3,794</u>
Less: Fixed deposits with tenure more than 3 months	<u>(3,112)</u>	<u>(1,200)</u>
CASH AND CASH EQUIVALENTS	<u>1,461</u>	<u>2,594</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 2022 and the accompanying explanatory notes attached to this interim financial report.

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A. EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR FYE 30 JUNE 2023

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 2022 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):-

Amendments to MFRS 3: Reference to the Conceptual Framework

Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS Standards 2018 – 2020

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 year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
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 112: International Tax Reform – Pillar Two Model Rules	1 January 2023

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 2022 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 FYE 30 June 2023.



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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 2023.

A7. DEBT AND EQUITIES SECURITY

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the FYE 30 June 2023.

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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 2023		30 June 2022		30 June 2023		30 June 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Proprietary software	2,264	66.20	2,046	75.55	4,527	68.53	3,206	75.44
Hardware	505	14.77	272	10.05	834	12.62	366	8.61
Other services and solutions	651	19.03	390	14.40	1,245	18.85	678	15.95
Total	3,420	100.00	2,708	100.00	6,606	100.00	4,250	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 unaudited 6 months ended				Cumulative unaudited 6 months ended			
	30 June 2023		30 June 2022		30 June 2023		30 June 2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Malaysia								
- Klang Valley	1,634	47.78	630	23.27	2,844	43.05	1,262	29.69
- Kedah	341	9.97	409	15.10	434	6.57	555	13.06
- Pahang	315	9.21	416	15.36	542	8.21	519	12.21
- Penang	285	8.33	349	12.89	612	9.26	438	10.31
- Sabah	159	4.65	129	4.76	425	6.43	364	8.56
- Others	477	13.94	638	23.56	1,328	20.1	932	21.94
	3,211	93.88	2,571	94.94	6,185	93.62	4,070	95.77
Overseas								
- Cambodia	122	3.57	3	0.11	272	4.12	46	1.08
- Singapore	55	1.61	134	4.95	115	1.74	134	3.15
- Indonesia	32	0.94	-	-	34	0.52	-	-
	209	6.12	137	5.06	421	6.38	180	4.23
Total	3,420	100.00	2,708	100.00	6,606	100.00	4,250	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 2023.

A11. CAPITAL COMMITMENTS

There were no material capital commitments as at 30 June 2023.

A12. CONTINGENT ASSETS AND LIABILITIES

There were no material contingent assets and liabilities as at 30 June 2023.

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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 RM6.61 million for the current FYE 30 June 2023, as compared to approximately RM4.25 million in the previous financial year, representing an increase of approximately RM2.36 million or 55.53%. Our revenue is mainly derived from sales of proprietary software amounting to RM4.53 million or 68.53% of the total revenue.

The higher revenue generated is mainly from:

- (i) Higher number of projects being secured and implemented in FYE 30 June 2023;
- (ii) Higher sales of hardware by RM0.47 million.
- (iii) Higher other revenue by RM0.57 million mainly from training and implementation services.

In line with the increase of revenue, the Group recorded higher gross profit of approximately RM3.72 million in FYE 30 June 2023 compared to the gross profit of approximately RM2.21 million in FYE 30 June 2022, representing an increase of approximately RM1.51 million or 68.33%.

The Group recorded a profit after tax for the current FYE 30 June 2023 of approximately RM1.34 million as compared to approximately RM0.82 million for FYE 30 June 2022, representing an increase of RM0.52 million or 63.41%, which is in line with higher revenue generated.

(b) Comparison between current 6 months financial period (“2H FYE 2023”) and preceding year corresponding 6 months financial period (“2H FYE 2022”)

For 2H FYE 2023, the Group recorded profit after tax of RM0.65 million as compared to profit after taxation of RM0.89 million in 2H FYE2022, representing a decrease of RM0.24 million. The higher profit after tax in 2H FYE2022 is mainly due to higher reversal of impairment losses made in 2H FYE 2022.

(c) Comparison between 2H FYE2023 and immediate preceding 6 months financial period (“1H FYE 2023”)

The Group recorded a revenue of approximately RM3.42 million in 2H FYE2023, as compared to approximately RM3.19 million in 1H FYE2023, representing a slight increase of approximately RM0.23 million or 7.21%.

Notwithstanding, the Group recorded profit after tax of RM0.65 million in 2H FYE 2023 compared to the profit after tax of RM0.69 million in 1H FYE 2023, representing a slight decrease of approximately RM0.04 million or 5.80%. This was mainly attributable to an increase in selling and marketing expenses in 2H FYE 2023.

B2. PROSPECTS

Our Group intends to increase our presence in the international market, particularly Indonesia, Cambodia and Vietnam. We have appointed resellers with operations in Indonesia, and are in the process of finalising a reseller agreement with a Vietnam reseller. Our Group is in active discussion with these identified companies who will be our resellers and will sell our products in their respective countries.

Our Group will also continue to execute the following business plans and strategies to expand our market reach and enhance market competitiveness:

- (i) Continuous development of new solutions, enhancement of existing solutions and product improvement to cater for the requirements of existing and new customers including overseas hospitality industry requirements;
- (ii) Participation in both local and overseas business events and exhibitions to promote our system and create brand awareness; and
- (iii) To explore opportunities of selling our proprietary software to potential customers who are not in the hospitality industry.

The Board is of the opinion that, barring any unforeseen circumstances, the prospects of the Group's financial performance for the financial year ending 30 June 2024 will remain favourable.

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:

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	375	345	Within 48 months
Expansion expenses	1,000	404	596	Within 48 months
Working capital	980	980	-	Utilised
Estimated listing expenses	800	800	-	Utilised
	3,500	2,559	941	

Note:

⁽¹⁾ Status of utilisation as at 30 June 2023.

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

On 7 April 2023, the Board declared a second interim dividend of 0.1 sen per share amounting to RM500,000 in respect of the financial year ending 30 June 2023, which was paid on 28 April 2023.