



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

**INTERIM FINANCIAL REPORT FOR THE  
THIRD (3<sup>rd</sup>) QUARTER ENDED 30 SEPTEMBER 2020**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3<sup>rd</sup>) QUARTER ENDED 30 SEPTEMBER 2020**

	<i>Quarter Ended</i>			<i>Year-To-Date Ended</i>		
	<b>30 Sep 2020 RM'000</b>	<b>30 Sep 2019 RM'000</b>	<b>Changes %</b>	<b>30 Sep 2020 RM'000</b>	<b>30 Sep 2019 RM'000</b>	<b>Changes %</b>
Revenue	2,498	3,649	(32)	6,387	9,444	(32)
Other income	410	1,776	(77)	1,416	6,017	(76)
Cost of sales	(838)	(1,723)	(51)	(2,306)	(4,226)	(45)
Administration expenses	(2,051)	(2,434)	(16)	(9,400)	(8,410)	12
Profit / (Loss) from operations	19	1,268	(99)	(3,903)	2,825	(>100)
Finance costs	(3)	(16)	(81)	(25)	(60)	(58)
Share of result of associates, net of tax	-	(38)	>100	(633)	(38)	>100
Profit / (Loss) before taxation	16	1,214	(99)	(4,561)	2,727	(>100)
Taxation	32	(136)	>100	(166)	(394)	(58)
Profit / (Loss) for the period, representing total comprehensive income / (loss)	48	1,078	(96)	(4,727)	2,333	(>100)
<b>NET PROFIT / (LOSS) ATTRIBUTABLE TO:</b>						
- Owners of the parent	48	1,078	(96)	(4,727)	2,333	(>100)
- Non-controlling interests	-	-	-	-	-	-
	48	1,078	(96)	(4,727)	2,333	(>100)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:</b>						
- Owners of the parent	48	1,078	(96)	(4,727)	2,333	(>100)
- Non-controlling interests	-	-	-	-	-	-
	48	1,078	(96)	(4,727)	2,333	(>100)
Weighted average number of ordinary shares ('000)	253,456	248,387	2	252,963	239,454	6
<b>Earnings / (Loss) per share attributable to the owners of the parent (Sen):</b>						
- Basic	0.02	0.43	(95)	(1.87)	0.98	(>100)
- Diluted	0.02	0.43	(95)	(1.86)	0.97	(>100)

(The unaudited 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 2019 and the accompanying explanatory notes attached to this interim financial report.)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2020**

	Unaudited as at 30 Sept 2020 RM'000	Audited as at 31 Dec 2019 RM'000
<b>ASSETS</b>		
<b>NON-CURRENT ASSET</b>		
Property, plant and equipment	1,414	1,384
Investments in associates	-	749
Lease receivables	6,536	8,115
Right-of-use assets	228	842
Deferred Tax Asset	334	334
	<u>8,512</u>	<u>11,424</u>
<b>CURRENT ASSETS</b>		
Receivables, deposit & prepayments	13,359	11,203
Lease receivables	1,450	1,661
Inventory	11	1
Short term funds	9,980	8,922
Cash and bank balances	2,661	1,954
Current Tax Asset	149	321
	<u>27,610</u>	<u>24,062</u>
<b>TOTAL ASSETS</b>	<b><u>36,122</u></b>	<b><u>35,486</u></b>
<b>EQUITY</b>		
Share capital	50,397	44,557
Reserves	(17,906)	(13,052)
Equity attributable to the owners of the parent	<u>32,491</u>	<u>31,505</u>
<b>TOTAL EQUITY</b>	<b><u>32,491</u></b>	<b><u>31,505</u></b>
<b>NON-CURRENT LIABILITIES</b>		
Bank borrowing	389	417
Lease liabilities	334	507
Deferred tax liabilities	2	2
	<u>725</u>	<u>926</u>
<b>CURRENT LIABILITIES</b>		
Payables, accruals & other current liabilities	2,503	2,647
Lease liabilities	318	323
Bank borrowing	85	85
	<u>2,906</u>	<u>3,055</u>
<b>TOTAL LIABILITIES</b>	<b><u>3,631</u></b>	<b><u>3,981</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>36,122</b>	<b>35,486</b>
<b>NET ASSETS PER SHARE (Sen)</b>	12.84	11.90

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD (3<sup>rd</sup>) QUARTER ENDED 30 SEPTEMBER 2020**

	<b>Share Capital RM'000</b>	<b>ESOS Reserve RM'000</b>	<b>Reorganisation Reserve RM'000</b>	<b>Accumulated losses RM'000</b>	<b>Total RM'000</b>
<b>Current year-to-date ended 30 September 2020</b>					
Balance as at 1 January 2020	44,557	224	(10,853)	(2,423)	31,505
Net loss for the period	-	-	-	(4,727)	(4,727)
<b>Transactions with owners:</b>					
Issuance of shares arising from exercise of ESOS	5,840	(221)	-	-	5,619
Share options vested under ESOS	-	94	-	-	94
<b>Balance as at 30 September 2020</b>	<b>50,397</b>	<b>97</b>	<b>(10,853)</b>	<b>(7,150)</b>	<b>32,491</b>
<b>Preceding year corresponding period ended 30 September 2019</b>					
Balance as at 1 January 2019	42,005	83	(10,853)	(4,909)	26,326
Net profit for the period	-	-	-	2,334	2,334
<b>Transactions with owners:</b>					
Issuance of shares	2,552	-	-	-	2,552
Share options vested under ESOS	-	115	-	-	115
<b>Balance as at 30 September 2019</b>	<b>44,557</b>	<b>198</b>	<b>(10,853)</b>	<b>(2,575)</b>	<b>31,327</b>

(The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3<sup>rd</sup>) QUARTER ENDED 30 SEPTEMBER 2020**

	<b>Current year to date 30 Sep 2020 RM'000</b>	<b>Preceding year to date 30 Sep 2019 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before taxation	(4,561)	2,727
Adjustments for:		
Depreciation of property, plant and equipment	504	758
Depreciation of right-of-use assets	131	131
Share options vested under ESOS	94	115
Interest expense	14	60
Interest expense on lease liabilities	11	-
Income distribution received from short term funds	(137)	(276)
Interest from finance lease	(1,076)	(768)
Impairment on investment in associates	443	-
Impairment losses on receivables	1,723	205
Reversal of impairment losses on receivables	(1)	(1,629)
Share of loss in an associate, net of tax	633	38
Unrealised loss on foreign exchange	2	-
Operating (loss) / profit before working capital changes	<u>(2,220)</u>	<u>1,361</u>
Changes in working capital:		
Trade and other receivables	(3,419)	784
Inventory	(10)	5
Lease receivables	2,220	(1,930)
Trade and other payables	(144)	(1,746)
	<u>(1,353)</u>	<u>(2,887)</u>
Cash used in operations	(3,573)	(1,526)
Tax refund / (paid)	6	(594)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(3,567)</u>	<u>(2,120)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(51)	(31)
Interest received	137	276
Acquisition of interests in associate	-	(310)
Advance to associate	(144)	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(58)</u>	<u>(65)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment to ultimate holding company	-	(1,574)
Repayment of hire purchase payable	-	(94)
Interest on hire purchase	-	(17)
Repayment of term loan	(32)	(61)
Interest on term loan	(14)	(19)
Repayment of lease liabilities	(173)	(127)
Interest on lease liabilities	(10)	(15)
Proceeds from private placement	-	2,552
Proceeds from issuance of shares - ESOS	5,618	-
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<u>5,389</u>	<u>645</u>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<u>1,764</u>	<u>(1,540)</u>

<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD</b>	10,877	13,196
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	12,641	11,656
<b>Cash and cash equivalents comprised the following:</b>		
Cash and bank balances	2,661	2,466
Short term funds	9,980	9,190
	<u>12,641</u>	<u>11,656</u>

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)

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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE THIRD (3<sup>rd</sup>) QUARTER ENDED 30 SEPTEMBER 2020**

**A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2020.**

**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 Berhad (“Bursa Securities”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019, 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**

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019 except for the adoption of the following standards that became effective for financial period beginning 1 January 2020:

<b>Title</b>	<b>Effective Date</b>
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendment to MFRS 3: Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108: Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020

The adoption of the above standards does not have any significant impacts to the current financial period.

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.

<b>Title</b>	<b>Effective Date</b>
<i>Amendments to MFRS 4 Insurance Contracts Extension of the Temporary Exemption from Applying MFRS 9</i>	Effective immediately
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-current</i>	1 January 2022

Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets. <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>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 2019.

**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**

As at the end of the quarter ended 30 September 2020, a total of 36,500,000 new ordinary shares were issued pursuant to the exercise of ESOS. Details of the issued share capital of the Company as at 30 September are as follows:

	No. of Shares	RM’000
As at 1.7.2020	251,191,652	45,138
Ordinary shares issued pursuant to the ESOS	36,500,000	5,259
As at 30.9.2020	287,691,652	50,397

As at 30 September 2020, the total number of ESOS which remained unexercised was 2,475,400 (31.12.2019: 5,280,000).

Other than the above, there were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter and financial period ended 30 September 2020.

**A8. Segmental information**

For management purposes, the Group is organised into five (5) operating segments which require different business strategies, and presented as follows:



- (a) Financial Technology (“FinTech”)
  - Provision of financial technology solutions for the 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 sustainable and environmentally friendly products and services.
- (d) Sharing platform
  - Providing the technology on Airtime sharing for telecommunication providers.
- (e) 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 2020 RM’000	30 Sep 2019 RM’000	30 Sep 2020 RM’000	30 Sep 2019 RM’000
<b>Segment revenue</b>				
FinTech	1,170	1,075	2,785	2,869
IoT Solutions	627	575	631	575
GreenTech Solutions	101	1,410	1,200	4,191
Sharing Platform	597	589	1,768	1,809
Others	3	-	3	-
<b>Total revenue</b>	<b>2,498</b>	<b>3,649</b>	<b>6,387</b>	<b>9,444</b>
<b>Segment operating profit / (loss) before tax</b>				
FinTech	481	393	158	943
IoT Solutions	41	696	(1,258)	2,972
GreenTech Solutions	(734)	202	(1,722)	1,559
Sharing Platform	425	594	417	(483)
Others	(197)	(671)	(2,156)	(2,264)
<b>Operating profit / (loss) before tax</b>	<b>16</b>	<b>1,214</b>	<b>(4,561)</b>	<b>2,727</b>

	30 Sep 2020 RM’000	30 Sep 2019 RM’000
<b>Segment Assets</b>		
FinTech	3,302	5,098
IoT Solutions	575	575
GreenTech Solutions	13,203	16,602
Sharing Platform	9,211	6,115
Others	9,348	5,840
<b>Total Assets</b>	<b>35,639</b>	<b>34,230</b>

<b>Segment</b>		
<b>Liabilities</b>		
FinTech	446	320
IoT Solutions	556	583
GreenTech Solutions	317	325
Sharing Platform	2,030	2,162
Others	281	171
<b>Total Liabilities</b>	<b>3,630</b>	<b>3,561</b>

All revenue is generated in Malaysia.

**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**

There were no changes in the composition of the Group in the current 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. Significant related party transaction**

There was no significant related party transaction entered into during the current quarter.

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**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 2020 RM'000	30 Sep 2019 RM'000	Changes %	30 Sep 2020 RM'000	30 Sep 2019 RM'000	Changes %
Revenue	2,498	3,649	(32)	6,387	9,444	(32)
Operating Profit / (Loss)	19	1,268	(99)	(3,903)	2,825	(>100)
Profit / (Loss) Before Interest and Tax	19	1,268	(99)	(3,903)	2,825	(>100)
Profit / (Loss) Before Tax	16	1,214	(99)	(4,561)	2,727	(>100)
Profit / (Loss) After Tax & Attributable to Ordinary Equity Holders of the Parent	<b>48</b>	<b>1,078</b>	<b>(96)</b>	<b>(4,727)</b>	<b>2,333</b>	<b>(&gt;100)</b>

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

The Group recorded a revenue of RM2.50 million, a decrease of 32% for the current quarter under review ("3Q 2020") as compared to the preceding year's corresponding quarter revenue of RM3.65 million ("3Q 2019"). The Group recorded an operating profit before tax of RM0.02 million in 3Q 2020 as compared to an operating profit before tax of RM1.21 million in 3Q 2019.

Profit after tax in 3Q 2020 was RM0.05 million as compared to a profit after tax of RM1.08 million in 3Q 2019. The decline in performance was mainly due to lower revenue contributions from GreenTech segment in 3Q 2020 as compared to 3Q 2019. The GreenTech revenue in the current quarter comprises of revenue from service payments, i.e maintenance and other services, associated with the upfront lease revenue recognised in the prior years.

(ii) Statement of Financial Position

As at 30 September 2020, total equity attributable to the owners of the Company was RM32.49 million as compared to RM31.51 million as at 31 December 2019.

Total assets as at 30 September 2020 increased by 1.79% to RM36.12 million from RM35.49 million as at 31 December 2019 mainly due to an increase in trade and other receivables as well as cash and cash equivalents during the year.

Total liabilities decreased by 8.78% to RM3.63 million as of 30 September 2020 from RM3.98 million as of 31 December 2019. The reduction in total liabilities was driven mainly by a reduction in trade and other payables, bank borrowings and lease liabilities in the current period.

(iii) Statement of Cash Flows

For the nine (9) months ended 30 September 2020, the net cash used in operating activities of the Group was RM3.57 million during the period as compared to RM2.12 million used in the previous corresponding period in 2019.

Net cash used from investing activities was RM0.06 million in the nine (9) months ended 30 September 2020, as compared to RM0.07 million used in the previous corresponding period in 2019.

Net cash generated in financing activities was RM5.39 million during the period against RM0.65 million generated for the corresponding period in 2019.

Overall cash and cash equivalents increased by RM1.76 million as compared with opening cash and cash equivalents as at 1 January 2020. The cash and cash equivalents of the Group was RM12.64 million at 30 September 2020.

Segmental analysis

**a. Current quarter ended 30 September 2020 (“3Q 2020”) compared with the previous corresponding quarter ended 30 September 2019 (“3Q 2019”):**

FinTech

In 3Q 2020, FinTech segment revenue was RM1.17 million, an increase of 8.84% as compared to 3Q 2019. The segment processed 32,656 successful commodity trade performed under its As-Sidq platform, as compared to 29,629 successful commodity trade performed in 3Q 2019. FinTech’s growth continues to gain momentum progressively following the easing of operational constraints under the Recovery Movement Control Order (RMCO), which is scheduled to end on 31 December 2020.

The segment recorded an operating profit before tax of RM0.48 million in the current quarter, as compared to a RM0.39 million profit in 3Q 2019.

IoT solutions

IoT solutions recorded a revenue of approximately RM0.63 million in 3Q 2020, an increase of 9.04% as compared to RM0.58 million in 3Q 2019.

The segment recorded an operating profit before tax of RM0.04 million in 3Q 2020 as compared to a segment operating profit before tax of RM0.70 million in 3Q 2019. Common operating expenses allocated on a reasonable basis to this segment in the current quarter under review amounting to RM0.10 million.

Green Technology solutions

The GreenTech segment recorded a revenue of RM0.10 million in 3Q 2020 as compared to RM1.41 million in 3Q 2019. Revenue from this segment is a continuation of existing maintenance and servicing contracts with a partner for GreenTech solutions in providing energy-saving solutions for a financial institution and telecommunications company.

The segment recorded an operating loss before tax of RM0.73 million in 3Q 2020 as compared to segment operating profit before tax of RM0.20 million in 3Q 2019. The adverse performance was mainly due to expected credit losses recognised on a prudent basis for this segment.

Sharing platform

Sharing platform recorded a revenue of RM0.60 million in 3Q 2020, an increase of 1.36% from the same period last year. Despite going through the COVID-19 pandemic and RMCO period that have widespread effects on other businesses across the country, the segment had sustained with a marginal increase in revenue as compared to 3Q 2019.

The segment recorded an operating profit before tax of RM0.43 million in 3Q 2020 as compared to RM0.59 million operating profit before tax in 3Q 2019.

Others

This segment comprises operations relating to investment holding company. The segment recorded a segment operating loss before tax of RM0.20 million in 3Q 2020 as compared to a segment operating loss of RM 0.67 million in 2Q 2019. This was due to common operating expenses/indirect cost allocated on a reasonable basis to this segment for whose benefit the expense was incurred.

**B2. Comparison with immediate preceding quarter's results**

	Quarter ended		Changes %
	30 Sep 2020 RM'000	30 Jun 2020 RM'000	
Revenue	2,498	1,111	>100
Operating Profit / (Loss) Before Interest and Tax	19	(1,875)	>100
Profit / (Loss) Before Tax	16	(1,920)	>100
Profit / (Loss) After Tax & Attributable to Ordinary Equity Holders of the Parent	48	(1,981)	>100

Revenue for the quarter ended 30 September 2020 increased by RM1.39 million while profit after tax increased by RM2.03 million 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 Fintech, GreenTech and IoT solutions coupled with lower administrative and other operating expenses as compared the immediate preceding quarter.

**B3. Prospects for 2020**

The Group remains cautious amidst the COVID-19 pandemic as the situation both locally and globally continues to cause uncertainty. As a result, the Group is vigilant and will continue to improve its management efficiency and reinforce costs optimisation efforts to ensure business sustainability.

The effects of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of financial assets and impairment assessments of assets (property, plant and equipment and investments in subsidiaries and associates).

The Board of Directors remain fully confident to see a return to economic growth once the current COVID-19 crisis is behind us. We are committed to seek opportunities for business growth and remain optimistic that our plans would contribute positively to the Group going forward.

**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 2020 RM'000	30 Sep 2019 RM'000	30 Sep 2020 RM'000	30 Sep 2019 RM'000
Tax (income) / expense recognised in profit or loss:				
Current tax provision	(32)	136	166	394
Tax (income) / expense for the financial period	(32)	136	166	394

**B6. Status of corporate proposals and utilisation of proceeds**

- (i) 18 September 2020, the Group announced that it proposes to undertake a private placement of up to 20% of the total number of issued shares of SIB based on a shareholders' mandate procured pursuant to Section 75 and Section 76 of the Companies Act, 2016 approved by its shareholders at the Company's 6<sup>th</sup> Annual General Meeting convened on 29 June 2020 ("Proposed Private Placement"). On 6 October 2020, Bursa Securities had approved the listing and quotation of up to 58,033,400 Placement Shares to be issued pursuant to the Proposed Private Placement subject to conditions. On 23 October 2020, approximately 25% of the proposed private placement was completed via issuance of 14,500,000 new shares at RM0.132 each – raising a gross proceed of RM1.91 million.

As at the date of this report, the proceeds received have not been fully utilised except for private placement expenses of RM0.05 million.

- (ii) On 2 November 2020, the Company announced that it had entered into a shares sale agreement ("SSA") with Sedania Corporation Sdn Bhd for the acquisition of 51% equity interest in Offspring Inc Sdn Bhd ("Offspring"), for a total Purchase Consideration of RM15,116,400 to be fully satisfied by cash ("Proposed Acquisition"), and proposed to diversify the business of SIB and its subsidiaries ("SIB Group") to include the following business activities:
- (a) consumer products specialising in healthcare, personal care, household as well as baby and childcare products; and
  - (b) health technologies specialising in preventive healthcare technology solutions
- ("Proposed Diversification") (Collectively referred to as the "Proposals")

The Proposed Acquisition is deemed as a related party transaction pursuant to Rule 10.08 of the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements").

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Rule 10.02(g) of the Listing Requirements is approximately 47.98%, computed based the Purchase Consideration given in relation to the Proposed Acquisition as compared with the net assets of SIB.

The Proposals are subject to the following approvals being obtained:-

- (a) approval of the non-interested shareholders of SIB at an extraordinary general meeting (“EGM”) to be convened; and
- (b) any other relevant authorities and/or parties, if required.

The Company is expected to issue circular to its shareholders soon.

There are no other corporate proposals, which have been announced but not completed as at 25 November 2020, being the date of this report.

## B7. Borrowings

The Group’s borrowings as at the end of this financial period are as follows:

	30 Sep 2020 RM’000	30 Sep 2019 RM’000
Current liabilities		
Term loan (secured)	85	74
Non-current liabilities		
Term loan (secured)	389	448
Total borrowings	474	522

Note: The term loan is secured by a first legal charge against the Group’s office premises.

## B8. Material litigation

Save as disclosed below, there were no pending material litigations against the Group which might materially and adversely affect the Group’s financial position.

**Kuala Lumpur High Court Summon No. WA-22NCvC-879-11/2019 between Sedania Technologies Sdn. Bhd. (formerly known as IDOTTV Sdn. Bhd.) (“the Plaintiff”) vs (1) Professional Science Technologies Sdn. Bhd. (“1st Defendant”) and (2) Encik Muzir Bin Md Zanib (“2nd Defendant”)(collectively referred to as “the Defendants”)**

On 28 November 2019, the Company announced that its wholly-owned subsidiary, STSB as the Plaintiff, via its solicitors, Messrs. J Nee Solicitors, filed a Writ of Summons together with a Statement of Claim, on 27 November 2019, against Professional Science Technologies Sdn. Bhd. (“PSTECH”) as the First Defendant and En. Muzir bin. Md Zanib (“En. Muzir”) as the Second Defendant.

En. Muzir, in his capacity as a director for PSTECH, had approached STSB to venture into the Automatic Fare Collection System (“Project”).

The Main Contractors of the Project appointed Intelligent Essence Sdn Bhd (“IESB”) as the sub-contractor. IESB subsequently appointed STSB as a sub-contractor via a Letter of Award dated 04.07.2017 and Contract Works Agreement dated 06.09.2017 (“IESB Contract”).

PSTECH was then appointed by STSB as a sub-contractor via a Contract Works Agreement dated 06.09.2017 ("PS Tech Contract") and is obligated to carry out the scope of works as per the IESB Contract.

STSB had duly completed the scope of works under the IESB Contract, however, IESB had failed, neglected and refused to make payment for the sum of RM1,887,426.00 ("the Debt") despite STSB's various demands and requests for the same.

En. Muzir, on behalf of PSTECH then undertook and acknowledged to pay the Debt to STSB via a Letter of Undertaking on 29.03.2019 and via WhatsApp messages respectively.

However, the Defendants had failed, neglected and refused to pay the Debt to STSB of which resulted in STSB filing the said Statement of Claim and claim from the Defendants, jointly and severally the following: -

- (a) The sum of RM 1,887,426.00 being the Debt due and owed by the Defendants;
- (b) Interest from the date of the breach until the date of judgment in accordance with Section 11 of the Civil Law Act 1956;
- (c) Interest at 5% per annum from the date of judgment until full and final settlement;
- (d) Costs of this action be paid by the Defendants to STSB; and
- (e) Further and/or other reliefs that the Court deems just and/or suitable and/or fair.

The Defendants through their solicitors, Messrs. Rafida Razak & Co, filed their Statement of Defence on 24 January 2020. The Plaintiff through their new solicitor, Messrs. Ram Reza & Muhammad, filed an Amended Statement of Claim on 17 February 2020 and has received the Amended Statement of Defence from the Defendants on 5 March 2020. The Plaintiff has filed a Reply to the Defence and Notice of Application to move the court to hear the matter under Order 14 Rules Of Court 2012 ("Summary Judgement Application") on 20 March 2020.

The High Court decided in the Plaintiff's favour held as follows:-

1. The sum of RM1,887,426.00 being the debt due and owed by the Defendants to the Plaintiff;
2. Interest from the date of the breach until the date of judgment in accordance with Section 11 of the Civil Law Act 1956;
3. Interest on RM1,887,426.00 at 5% per annum from the date of judgment until full and final settlement of the debt; and
4. Costs of RM3,000.00 subjected to the allocator fee to be paid by the Defendants to the Plaintiff.

The Defendant, aggrieved and dissatisfied with the Decision by the High Court had filed a Notice of Appeal to the Court of Appeal which the Court of Appeal on Case Management via e-review on 19 November 2020, instructed the Parties to file Written Submission with Bundle of Authorities, Executive Summary and Common Core Bundle on/before 14 June 2021.

Court further fixed 14 June 2021 as pre-Hearing Case Management and Hearing on 29 June 2021.



**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 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
Profit / (Loss) attributable to the owners of the Company (RM'000)	48	1,078	(4,727)	2,333
Weighted average number of ordinary shares in issue ('000)	253,456	248,387	252,963	239,454
Basic earnings / (loss) per share (sen)	0.02	0.43	(1.87)	0.98

(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 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
Profit / (Loss) attributable to the owners of the Company (RM'000)	48	1,078	(4,727)	2,333
Weighted average number of ordinary shares in issue ('000)	253,456	248,387	252,963	239,454
Effect of dilution from share options ('000)	733	1,522	733	1,522
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	251,189	249,909	253,696	240,976
Diluted earnings / (loss) per share (sen)	0.02	0.43	(1.86)	0.97

**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 2020 RM'000	3 months ended 30 Sep 2019 RM'000	9 months ended 30 Sep 2020 RM'000	9 months ended 30 Sep 2019 RM'000
Depreciation and amortisation expenses	166	294	634	889
Finance lease interest income	(337)	(305)	(1,076)	(768)
Impairment loss on receivables	207	25	1,723	205
Income distribution received from short term funds	(30)	(80)	(137)	(276)
Interest expense	3	16	25	60
Reversal of impairment loss on receivables	(1)	(410)	(1)	(1,629)
Waiver on creditor balance	-	-	-	(2,362)
Litigation settlement received	-	(980)	-	(980)
Hibah / Others	-	(1)	-	(1)

By Order of the Board

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

Kuala Lumpur  
 25 November 2020