



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

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023

	Quarter Ended			Year-To-Date Ended		
	30 Sep 2023 RM'000	30 Sep 2022 RM'000	Changes %	30 Sep 2023 RM'000	30 Sep 2022 RM'000	Changes %
Revenue	10,621	12,160	(13)	34,449	30,285	14
Other income	1,150	519	>100	3,184	3,532	(10)
Cost of sales	(4,888)	(5,954)	(18)	(16,460)	(16,286)	1
Administration expenses	(5,439)	(5,446)	(0.1)	(15,836)	(13,900)	14
Profit from operations	1,444	1,279	13	5,337	3,631	47
Finance costs	(181)	(84)	>100	(607)	(288)	>100
Share of result of associates, net of tax	27	-	>100	263	-	>100
Profit before taxation	1,290	1,195	8	4,993	3,343	49
Taxation	(292)	(375)	(22)	(801)	(1,369)	(41)
Profit for the period, representing total comprehensive income	998	820	22	4,191	1,974	>100
NET PROFIT ATTRIBUTABLE TO:						
- Owners of the parent	801	323	>100	3,770	1,124	>100
- Non-controlling interests	197	497	(60)	421	850	(50)
	998	820	22	4,369	1,974	>100
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
- Owners of the parent	801	323	>100	3,770	1,124	>100
- Non-controlling interests	197	497	(60)	421	850	(50)
	998	820	22	4,369	1,974	>100
Weighted average number of ordinary shares ('000)	347,352	347,352	0.1	347,352	347,255	0.1
Earnings per share attributable to the owners of the parent (Sen):						
- Basic	0.23	0.09	>100	1.09	0.32	>100
- Diluted	0.23	0.09	>100	1.09	0.32	>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 2022 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Unaudited as at 30 Sep 2023 RM'000	Audited as at 31 Dec 2022 RM'000
NON-CURRENT ASSET		
Property, plant and equipment	3,274	3,217
Right-of-use assets	2,099	1,563
Intangible asset	89	98
Contract assets	13,045	13,045
Deferred tax asset	827	762
Investment in associate	3,263	-
	<u>22,597</u>	<u>18,685</u>
CURRENT ASSETS		
Receivables, deposit & prepayments	23,211	11,155
Contract assets	2,693	3,381
Inventories	4,085	9,377
Short term funds	38	3,013
Cash and bank balances	9,167	11,477
Current tax asset	927	670
	<u>40,121</u>	<u>39,073</u>
TOTAL ASSETS	<u>62,718</u>	<u>57,758</u>
EQUITY		
Share capital	65,712	65,712
Reserves	(24,705)	(28,513)
Non-controlling interest	4,651	4,230
TOTAL EQUITY	<u>45,658</u>	<u>41,430</u>
NON-CURRENT LIABILITIES		
Bank borrowing	7,246	7,245
Lease liabilities	1,146	1,080
Deferred tax liabilities	8	8
	<u>8,400</u>	<u>8,333</u>
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	2,765	2,996
Lease liabilities	841	654
Bank borrowing	5,054	4,339
Current tax liability	-	6
	<u>8,660</u>	<u>7,995</u>
TOTAL LIABILITIES	<u>17,060</u>	<u>16,328</u>
TOTAL EQUITY AND LIABILITIES	<u>62,718</u>	<u>57,758</u>
Weighted average number of ordinary shares ('000)	347,352	347,263
NET ASSETS PER SHARE (Sen)	13.14	11.93

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023**

	Share Capital	ESOS Reserve	Reorganisation Reserve	Retained earnings	Total	Non- controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 September 2023							
Balance as at 1 January 2023	65,712	114	(24,440)	(4,187)	37,199	4,230	41,429
Total comprehensive income	-	-	-	3,770	3,770	421	4,191
Transactions with owners:							
Share options vested under ESOS	-	38	-	-	38	-	38
Balance as at 30 September 2023	65,712	152	(24,440)	(417)	41,007	4,651	45,658
Preceding year corresponding period ended 30 September 2022							
Balance as at 1 January 2022	65,649	50	(24,439)	(4,956)	36,304	4,627	40,931
Total comprehensive income	-	-	-	1,124	1,124	850	1,974
Transactions with owners:							
Issuance of shares:							
Proceeds from ESOS	63	(1)	-	-	62	-	62
Share options vested under ESOS	-	38	-	-	38	-	38
Dividends	-	-	-	-	-	(980)	(980)
Balance as at 30 September 2022	65,712	87	(24,439)	(3,832)	37,528	4,497	42,025

(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 2022 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2023

	Current year to date 30 Sep 2023 RM'000	Preceding year to date 30 Sep 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,993	3,343
Adjustments for:		
Depreciation of property, plant, and equipment	178	209
Depreciation of right-of-use assets	580	544
Amortisation of intangible assets	9	13
Share options granted under ESOS	38	38
Interest expense on term loan	510	195
Interest expense on lease liabilities	90	42
Interest expense on letter of credit	6	51
Income distribution from short term funds	(50)	(77)
Unrealised gain from investment in short term funds	(1)	-
Interest income on contract assets	(1,293)	(1,374)
Reversal of impairment losses on trade receivables	(1,367)	(1,909)
Gain on disposal of property, plant and equipment	(230)	(1)
Share of results in associate	(263)	-
Operating profit /(loss) before working capital changes	<u>3,200</u>	<u>(302)</u>
Changes in working capital:		
Trade and other receivables	(7,497)	(7,598)
Inventory	5,291	(2,506)
Contract assets	1,981	1,655
Trade and other payables	(3,101)	7,302
	<u>(3,326)</u>	<u>1,147</u>
Cash used in operations	(126)	(73)
Tax paid	(1,129)	(1,271)
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,255)</u>	<u>(1,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(235)	(94)
Income distribution received from short term funds	19	60
Investment in an associate	(3,000)	(436)
Payment to ultimate holding company in respect of profit guarantee	-	(1,938)
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,216)</u>	<u>(2,408)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	2,815	5,419
Repayment of term loan	(2,108)	(1,079)
Repayment of lease liabilities	(922)	(556)
Interest paid	(599)	(288)
Proceeds from issuance of shares	-	62
Dividend paid	-	(980)
NET CASH (USED IN)/ GENERATED FROM FINANCING ACTIVITIES	<u>(814)</u>	<u>2,578</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(5,285)</u>	<u>(1,174)</u>

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CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	14,490	13,307
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	9,205	12,133
Cash and cash equivalents comprised the following:		
Cash and bank balances	9,167	3,096
Short term funds	38	9,037
	<u>9,205</u>	<u>12,133</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 2022 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 (3rd) QUARTER ENDED 30 SEPTEMBER 2023

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023.

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 2022, 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 significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest audited financial statements, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

a) New and revised MFRSs, Amendments to MFRSs and IC interpretations adopted during the financial period.

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 - <i>Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

b) New and revised MFRSs, Amendments to MFRSs and IC interpretations, but only effective for annual periods beginning on or after 1 January 2024.

The following are standards of the MFRSs Framework that have been issued by the Malaysian Accounting Standards Board but have not been early adopted by the Group:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 2022.

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 the 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

There were no issuances, cancellations, repurchases, resales, or repayments of debt and equity securities in the current quarter and the financial period ended 30 September 2023.

A8. Segmental information

For management purposes, the Group is organised into five (5) operating segments which reflect the internal organisational and management structure according to the nature of the products and services provided. We measure the results of our segments using, among other measures, each segment's net revenue and operating income, which includes certain corporate overhead allocations.

a) Sustainable Healthcare

Provision of consumer products specialising in healthcare, personal care, household as well as baby and childcare products; and health technologies specialising in preventative healthcare technology solutions.

b) Sustainable Energy

Provision of green technology and Internet of Things (“IoT”) solutions for sustainable and environmentally friendly products and services.

- c) Financial Technology (“FinTech”)
 - Provision of financial technology solutions for the banking industry.
- d) Telco Technology (“TelcoTech”)
 - Providing the technology on Airtime sharing for telecommunication providers.
- e) Others
 - Others mainly comprise the provision of big data analytics services and 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 is as follows:-

	3 months ended		9 months ended	
	30 Sep 2023 RM'000	30 Sep 2022 RM'000	30 Sep 2023 RM'000	30 Sep 2022 RM'000
Segment revenue				
Sustainable Healthcare	8,076	8,931	24,909	23,358
Sustainable Energy	150	1,284	2,546	1,465
FinTech	2,130	1,638	6,031	3,988
TelcoTech	265	307	963	1,474
Total revenue	10,621	12,160	34,449	30,285
Segment operating profit/(loss) before tax				
Sustainable Healthcare	495	1,197	1,111	2,765
Sustainable Energy	(41)	170	1,027	834
FinTech	924	731	2,568	1,516
TelcoTech	38	(566)	306	(780)
Others	(126)	(337)	(19)	(992)
Operating profit before tax	1,290	1,195	4,993	3,343
			30 Sep 2023 RM'000	30 Sep 2022 RM'000
Segment Assets				
Sustainable Healthcare			16,913	20,055
Sustainable Energy			31,005	29,707
FinTech			3,959	2,150
TelcoTech			508	2,407
Others			8,579	543
Total Assets			60,964	54,862
Segment Liabilities				
Sustainable Healthcare			6,295	9,321
Sustainable Energy			9,296	2,034
FinTech			1,012	318
TelcoTech			204	1,100
Others			245	268
Total Liabilities			17,052	13,041

The Group's revenue based on the geographic location of its customers is as follows:-

	3 months ended		9 months ended	
	30 Sep	30 Sep	30 Sep	30 Sep
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	9,967	9,465	28,989	24,008
Asian countries other than Malaysia	427	576	2,584	2,112
Europe	227	2,085	2,876	3,906
Others	-	34	-	259
Total	10,621	12,160	34,449	30,285

Year-to-date revenue from Malaysia, Asian countries other than Malaysia and Europe contributed to approximately 84.15%, 7.50%, and 8.35% respectively of the Group's total revenue.

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

On 28 December 2022, the Company announced that it had entered into a Share Sale Agreement ("SSA") with Encik Ariffin Bin Sabirin for the acquisition of 34,000 ordinary shares ("Sale Shares") in Wasiyyah Shoppe Berhad ("WSB"), a company incorporated in Malaysia, representing a 20% equity interest in WSB, for a purchase consideration of RM3,000,000.00 to be fully satisfied by cash.

Upon completion of the acquisition on 1 March 2023, WSB became an associate company of Sedania Group and the Company's equity interest in WSB is accounted for using the equity method in the Company's financial statements in accordance with MFRS 128.

Save as disclosed, 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

Save as disclosed, no significant related party transaction was 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 2023 RM'000	30 Sep 2022 RM'000	Changes %	30 Sep 2023 RM'000	30 Sep 2022 RM'000	Changes %
Revenue	10,621	12,160	(13)	34,449	30,285	14
Operating Profit	1,444	1,279	13	5,337	3,631	47
Profit Before Interest and Tax	1,444	1,279	13	5,337	3,631	47
Profit Before Tax	1,290	1,195	8	4,993	3,343	49
Profit After Tax for the Period	998	820	22	4,191	1,974	>100
Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	801	323	>100	3,770	1,124	>100

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

Group revenue for 3Q 2023 was RM10.62 million, a decrease of 13% from RM12.16 million in 3Q 2022. This was mainly due to lower contributions from the Sustainable Energy and the Sustainable Healthcare segments during the quarter under review.

The Group recorded an operating profit before tax of RM1.29 million as compared to an operating profit before tax of RM1.20 million in 3Q 2022.

The Group recorded a profit after tax and non-controlling interest of RM0.80 million as compared to a profit after tax of RM0.32 million for the preceding year's corresponding quarter.

A segmental breakdown and analysis by operating segments are provided under item A8 and "Segmental Analysis" below.

(ii) Statement of Financial Position

As at 30 September 2023, total equity attributable to the owners of the Company was RM45.84 million as compared to RM41.43 million as at 31 December 2022.

Total assets increased to RM62.89 million on 30 September 2023 as compared to RM57.76 million on 31 December 2022. This was primarily due to an increase in total receivables, deposits, and prepayments from RM11.16 million to RM23.21 million on 30 September 2023. However, the increase was offset by a decrease in short-term funds, inventory, and cash and bank balances as compared to 31 December 2022.

Total liabilities increased from RM16.33 million as at 31 December 2022 to RM17.06 million as of 30 September 2023. The increase in total liabilities was mainly due to the increase in short term bank borrowings in the current period as a result of a term loan drawdown.

(iii) Statement of Cash Flows

As at 30 September 2023, the Group recorded a net cash outflow of RM5.29 million. The Group has RM9.25 million in short-term deposits and bank balances, RM12.30 million in borrowings, and RM1.99 million in lease liabilities.

For the nine (9) months ended 30 September 2023, the net cash used in operating activities was RM1.26 million compared to RM1.34 million used in the previous corresponding period 2022.

Net cash used in investing activities was RM3.22 million in the nine (9) months ended 30 September 2023, as compared to RM2.41 million used in the previous corresponding period in 2022 mainly due to an investment in an associate company.

During the period, net cash used in financing activities was RM0.81 million as opposed to net cash generated in financing activities of RM2.58 million from the same period in 2022 mainly due to the repayment of trade facilities and lease liabilities.

Segmental analysis

a. Current quarter ended 30 September 2023 (“3Q 2023”) compared with the previous corresponding quarter ended 30 September 2022 (“3Q 2022”):

Sustainable Healthcare

In 3Q 2023, the Sustainable Healthcare segment revenue was RM8.08 million, a decrease of 9.57% or RM0.86 million compared to 3Q 2022.

The segment recorded an operating profit before tax of RM0.49 million in the current quarter as compared to the segment operating profit before tax of RM1.20 million in 3Q 2022. The decline was mostly caused by lower revenue and increasing costs for marketing and promotion for brand-building activities, employee benefits as a result of hiring more people to support business growth and related expenses.

Sustainable Energy

The Sustainable Energy segment recorded a revenue of RM0.15 million in 3Q 2023 as compared to RM1.28 million in 3Q 2022. The revenue from this segment was a continuation of existing maintenance and servicing contracts with a partner in providing energy-saving solutions for a financial institution and a telecommunications company. No fresh roll-outs of Sustainable Energy solutions under the energy performance contracts with key clients in the current quarter.

As a result, the segment recorded an operating loss before tax of RM0.04 million in 3Q 2023, compared to the segment operating profit before tax of RM0.17 million in 3Q 2022.

FinTech

Revenue for the FinTech segment in 3Q 2023 was RM2.13 million, an increase of 30.03% from 3Q 2022. The considerable traffic from its Tawarruq and Go Halal platforms compared to 3Q 2022 were the main drivers of the segment's revenue growth.

The segment recorded an operating profit before tax of RM0.92 million in the current quarter, compared to an RM0.73 million operating profit before tax in 3Q 2022.

TelcoTech

TelcoTech platform recorded a revenue of RM0.27 million in 3Q 2023, a decrease of 13.68% from the same period last year. This was mostly due to lower sharing platform transactions in 3Q 2023 than in 3Q 2022, as the segment's daily transaction volume remained low.

The segment recorded an operating profit before tax of RM0.38 million in 3Q 2023 as compared to RM0.57 million operating loss before tax in 3Q 2022.

Others

This segment comprises operations relating to investment holding company.

The segment recorded a segment operating loss before tax of RM0.13 million in 3Q 2023 as compared to a segment operating loss of RM0.34 million in 3Q 2022. This segment's result includes an RM0.03 million share of profits in an associate for the current quarter.

B2. Comparison with the immediate preceding quarter's results

	Quarter ended		Changes %
	30 Sep 2023 RM'000	30 Jun 2023 RM'000	
Revenue	10,621	12,167	(13)
Operating Profit Before Interest and Tax	1,444	2,009	(28)
Profit Before Tax	1,290	1,876	(31)
Profit After Tax for the Period	998	1,573	(37)
Profit After Tax and Non-controlling Interest For the Period	801	1,560	(49)

Revenue for the quarter ended 30 September 2023 decreased by 13% as compared to the immediate preceding quarter ended 30 June 2023. The following table shows the revenue breakdown comparison with the immediate preceding quarter:-

	30 Sep 2023 RM'000	30 Jun 2023 RM'000	Changes +/(-) %
Segment revenue			
Sustainable Healthcare	8,076	7,587	6
Sustainable Energy	150	2,356	(94)
FinTech	2,130	1,813	17
TelcoTech	265	411	(36)
Total revenue	10,621	12,167	(13)

The Group recorded a profit after tax and non-controlling interest of RM0.80 million in the current quarter compared to a profit after tax and non-controlling interest of RM1.56 million in the immediate preceding quarter.

B3. Prospects for the current financial year

In 2023 we aim to grow further across all our business segments. Our Sustainable Healthcare subsidiary under the Offspring brand looks set to continue expanding into more highly populous markets while growing our average basket size, customer base and points of sale.

Our FinTech division is heading towards another exciting year as it continues to grow its portfolio of Shariah-compliant FinTech solutions for financial services institutions (“FSIs”). We are hopeful that more FSIs will come onboard our services which will help them offer unique products and services to end-users.

On the Sustainable Energy front, we currently possess a healthy pipeline of energy efficiency and renewable energy projects where healthy streams of revenue will consistently be recognised. This would be complemented by our target to become a larger enabler of energy sustainability for companies as we proactively look to obtain more new contracts from companies across various industries such as manufacturing, commercial, and hospitality.

For the Financial Year Ending 2023, we are cautiously optimistic about posting positive results barring any unforeseen circumstances. We remain steadfast in our pursuit of excellence whilst staying vigilant of any developments that may have an adverse impact on the Group.

We continue to monitor and reassess the financial position and take appropriate and timely action to minimise any negative impacts whilst being on the lookout for growth opportunities.

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 2023 RM'000	30 Sep 2022 RM'000	30 Sep 2023 RM'000	30 Sep 2022 RM'000
Tax expense recognised in profit or loss:				
Current tax provision	292	375	801	1,369
	<hr/>	<hr/>	<hr/>	<hr/>
	292	375	801	1,369
Deferred Tax:				
Relating to origination of Temporary Difference	-	-	-	-
Over provision in prior years	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Tax expense for the financial period	292	375	801	1,369

B6. Status of corporate proposals and utilisation of proceeds

a. Private Placement Of Up To 10% Of The Total Number Of Issued Shares Of SIB ("Private Placement")

On 20 July 2023, the Company announced that it proposes to undertake a private placement exercise ("Private Placement") of up to 10% of the total number of issued shares of SIB based on a shareholders' mandate procured pursuant to Sections 75(1) and 76(1) of the Companies Act 2016 approved by its shareholders at the Company's 9th Annual General Meeting convened on 24 May 2023 ("Proposed Private Placement"). On 3 August 2023, Bursa Securities approved the listing and quotation of up to 36,518,905 Placement Shares to be issued pursuant to the Proposed Private Placement, subject to conditions.

On 6 November 2023, approximately 49.29% of the proposed private placement was completed via issuance of 18,000,000 new shares at RM0.1545 each – raising a gross proceed of RM2,781,000/-.

As of the date of this report, the proceeds received have not been fully utilised.

b. Proposed Acquisition Of 4,354,203 Shares In Tanamera Group Sdn. Bhd. ("TGSB"), Representing 36.90% Equity Interest In TGSB ("Proposed Acquisition") And Subsequent Subscription Of Additional 3,397,030 Shares In TGSB's Enlarged Share Capital Of 15,197,039 Shares To Be Issued By TGSB ("Proposed Subscription")

On 6 November 2023, the Company announced that it had entered into a conditional shares sale agreement ("SSA") with Mohamad Faisal Bin Ahmad Fadzil, Fauziah Binti Ahmad Fadzil and Faridah Binti Ahmad Fadzil (collectively referred to as the "Vendors") for the acquisition of 4,354,203 shares ("Sale Shares") in Tanamera Group Sdn. Bhd. [Registration No. 201601026675 (1197614-D)] ("TGSB"), representing 36.90% equity interest in TGSB, for a purchase consideration of Ringgit Malaysia Four Million Five Hundred Thousand (RM4,500,000.00) only to be fully satisfied in cash ("Proposed Acquisition").

Simultaneous with the entering of the SSA, the Company and TGSB had on 3 November 2023 entered into a conditional subscription agreement (“SA”) for the subscription of additional 3,397,030 shares in TGSB’s enlarged share capital of 15,197,039 shares to be issued by TGSB to the Purchaser (“Subscription Shares”), for the subscription amount of Ringgit Malaysia Three Million Six Hundred Eighty Thousand (RM3,680,000.00) only to be satisfied in cash (“Proposed Subscription”). Upon the completion of the SSA and the SA, TGSB shall become a 51%-owned subsidiary of SIB.

The Proposed Acquisition and Proposed Subscription shall collectively be referred to as the (“Proposed Transactions”).

As of the date of this report, the Proposed Transactions have not been completed.

Save as disclosed above, there is no other corporate proposal which has been announced but not completed as of 29 November 2023, 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 2023 RM’000	30 Sep 2022 RM’000
Current liabilities		
Term loans (secured)	3,072	121
Revolving credit	500	500
Trade finance products	1,482	5,418
	<u>5,054</u>	<u>6,039</u>
Non-current liabilities		
Term loan (secured)	7,246	3,402
	<u>7,246</u>	<u>3,402</u>
Total borrowings	<u>12,300</u>	<u>9,441</u>

Note:

Term loan 1 is secured by a first legal charge against the Group’s office premises.

Term loan 2 is secured by a first legal assignment and charge over a sustainable energy project entered into between the subsidiary and its client.

B8. Material litigation

The Company had announced on 22 September 2023 that the Company received a letter dated 21 September 2023 from the solicitors acting for Karine Low and Tan Kien Yeow (“the Plaintiffs”), accompanied by a Court Order dated 30 August 2023 (Originating Summons No.: WA24NCC(ARB)-18-06/2023) by the Kuala Lumpur High Court of Malaya (“Court Order”).

As a piece of background information, on 17 November 2020, the Company received a letter of demand from two individuals who claimed to have 49% equity interest in the issued and paid-up share capital of Offspring Inc Sdn. Bhd. (“OFFSPRING”) via a Shareholder Agreement entered into between the Plaintiffs and Sedania Corporation Sdn. Bhd. (“SCSB”) dated 8 October 2018. As of to-date, the Company holds 51% equity interest whilst SCSB holds 49% equity interest in OFFSPRING.

By way of an arbitration initiated by the Plaintiffs against SCSB and OFFSPRING (collectively “the Defendants”), the Plaintiffs claimed to be entitled to rights and interests to 49% of shares in OFFSPRING and for damages. The Statement of Claim did not seek a specified claim amount.

The Court Order that the Plaintiffs had obtained for the recognition and enforcement of the arbitration award whereby the following reliefs were granted:

- a. SCSB and OFFSPRING are jointly and severally to pay for the damages in the amount of RM14,523,599.99 or any part thereof remaining unpaid, at the rate of 5% per annum from 22 December 2020 until the date of the Court Order;
- b. SCSB and OFFSPRING are jointly and severally to bear the entire costs of the arbitration in the sum of RM416,358.02 as determined by the Director of the Asian International Arbitration Centre;
- c. SCSB and OFFSPRING are jointly and severally to pay legal and other costs (inclusive of disbursements, expenses and tax) in the sum of RM365,937.40; and
- d. SCSB and OFFSPRING are jointly and severally to pay simple interest on sums awarded above or any part thereof remaining unpaid, at the rate of 5% per annum from the date of Court Order until final payment.

As the Plaintiffs had obtained a Court Order against the Defendants dated 30 August 2023 for enforcement (“Ex-Parte Court Order”), the Defendants have on 25 September 2023, filed an application to set aside and stay the Ex-Parte Court Order at the Kuala Lumpur High Court of Malaya pursuant to Section 29 of the Arbitration Act 2005.

SCSB has indemnified and will continue to indemnify the Company from any potential claims relating to the above.

Further announcements will be made to Bursa Malaysia Securities Berhad as and when there are material developments in relation thereof.

Save as disclosed above, there has been no other significant change in material litigation, including the status of pending material litigation in respect of the Company and its subsidiaries during the current quarter under review.

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 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
Profit attributable to the owners of the Company (RM'000)	801	323	3,770	1,124
Weighted average number of ordinary shares in issue ('000)	347,352	347,352	347,352	347,255
Basic earnings per share (sen)	0.23	0.09	1.09	0.32

(b) Diluted earnings per share

The diluted 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, 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 2023	30 Sep 2022	30 Sep 2023	30 Sep 2022
Profit attributable to the owners of the Company (RM'000)	801	323	3,770	1,124
Weighted average number of ordinary shares in issue ('000)	347,352	347,352	347,352	347,255
Effect of dilution from share options ('000)	-*	357	-*	357
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	347,352	347,709	347,352	347,612
Diluted earnings per share (sen)	0.23	0.09	1.09	0.32

*14,837,000 ESOS options are not included in the computation of the weighted average number of equity shares for calculating diluted earnings per share in 2023 since their impact is anti-dilutive because the average market price in 2023 was lower than the ESOS offer price.

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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 2023 RM'000	3 months ended 30 Sep 2022 RM'000	9 months ended 30 Sep 2023 RM'000	9 months ended 30 Sep 2022 RM'000
Depreciation of property, plant and equipment	61	69	178	209
Depreciation of right-of-use assets	187	181	580	544
Amortisation of intangible assets	3	5	9	13
(Gain)/Loss on foreign exchange - realised	(43)	(43)	(127)	(150)
Income distribution received from short term funds	(2)	(33)	(19)	(77)
Unrealised gain from investment in short term funds	(1)	-	(31)	-
Interest income on contract assets	(420)	(446)	(1,293)	(1,374)
Interest expense	181	84	606	288
Reversal of impairment losses on trade receivables	(669)	-	(1,367)	(1,909)

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)

CHENG CHIA PING (MAICSA 1032514)

Company Secretaries

Kuala Lumpur

29 November 2023