



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

**INTERIM FINANCIAL REPORT FOR THE
SIXTH (6th) QUARTER ENDED 30 JUNE 2024**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIXTH (6th) QUARTER ENDED 30 JUNE 2024

	<i>Quarter Ended</i>		<i>Period Ended</i>	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	14,207	-	78,342	-
Other income	829	-	8,214	-
Cost of sales	(3,956)	-	(39,437)	-
Administration expenses	(15,233)	-	(47,001)	-
(Loss)/Profit from operations	(4,153)	-	118	-
Finance costs	(306)	-	(1,438)	-
Share of result of associates, net of tax	290	-	773	-
(Loss)/Profit before taxation	(4,169)	-	(547)	-
Taxation	(622)	-	(2,199)	-
(Loss)/Profit for the period, representing total comprehensive income	(4,791)	-	(2,746)	-
NET PROFIT ATTRIBUTABLE TO:				
- Owners of the parent	(4,716)	-	(2,293)	-
- Non-controlling interests	(75)	-	(453)	-
	(4,791)	-	(2,746)	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
- Owners of the parent	(4,716)	-	(2,293)	-
- Non-controlling interests	(75)	-	(453)	-
	(4,791)	-	(2,746)	-
Weighted average number of ordinary shares ('000)	365,352	-	353,184	-
Earnings per share attributable to the owners of the parent (Sen):				
- Basic	(1.31)	-	(0.77)	-
- Diluted	(1.31)	-	(0.77)	-

As announced on 19 January 2024, the financial year end of the Group has been changed from 31 December 2023 to 30 June 2024. As such, no comparative financial information will be available for the preceding year's corresponding periods.

This unaudited condensed consolidated income statement should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached in the interim financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

	Unaudited as at 30 June 2024 RM'000	Audited as at 31 Dec 2022 RM'000
NON-CURRENT ASSET		
Property, plant and equipment	18,616	3,217
Right-of-use assets	2,434	1,563
Intangible asset	2,315	98
Contract assets	12,289	13,045
Deferred tax asset	749	762
Investment in associate	3,773	-
Goodwill	917	-
	41,093	18,685
CURRENT ASSETS		
Receivables, deposit & prepayments	17,141	11,155
Contract assets	1,723	3,381
Inventories	5,851	9,377
Short term funds	39	3,013
Cash and bank balances	7,698	11,477
Current tax asset	901	670
	33,353	39,073
TOTAL ASSETS	74,446	57,758
EQUITY		
Share capital	68,493	65,712
Reserves	(30,768)	(28,513)
Non-controlling interest	14,827	4,231
TOTAL EQUITY	52,552	41,430
NON-CURRENT LIABILITIES		
Bank borrowing	5,761	7,245
Lease liabilities	907	1,080
Deferred tax liabilities	517	8
	7,185	8,333
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	8,125	2,996
Lease liabilities	1,553	654
Bank borrowing	5,031	4,339
Current tax liability	-	6
	14,709	7,995
TOTAL LIABILITIES	21,894	16,328
TOTAL EQUITY AND LIABILITIES	74,446	57,758
Weighted average number of ordinary shares ('000)	353,184	347,263
NET ASSETS PER SHARE (Sen)	14.80	11.93

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIXTH (6th) QUARTER ENDED 30 JUNE 2024**

	Share Capital	ESOS Reserve	Reorganisation Reserve	Exchange Translation Reserve	Retained earnings	Total	Non- controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current year-to-date ended 30 June 2024								
Balance as at 1 January 2023	65,712	114	(24,440)	-	(4,187)	37,199	4,231	41,430
Total comprehensive income	-	-	-	-	(2,293)	(2,293)	(453)	(2,746)
Acquisition of a subsidiary	-	-	-	(6)	-	(6)	11,049	11,043
Transactions with owners:								
Issuance of shares from private placement	2,781	-	-	-	-	2,781	-	2,781
Share options vested under ESOS	-	44	-	-	-	44	-	44
ESOS – expiry of vested employee share options	-	(158)	-	-	158	-	-	-
Balance as at 30 June 2024	68,493	-	(24,440)	(6)	(6,322)	37,725	14,827	52,552
Preceding year corresponding period ended 30 June 2023								
Balance as at 1 January 2022	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-
Transactions with owners:								
Issuance of shares: Proceeds from ESOS	-	-	-	-	-	-	-	-
Share options vested under ESOS	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Balance as at 30 June 2023	-	-	-	-	-	-	-	-

As announced on 19 January 2024, the financial year end of the Group has been changed from 31 December 2023 to 30 June 2024. As such, no comparative financial information will be available for the preceding year's corresponding periods.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIXTH (6th) QUARTER ENDED 30 JUNE 2024

	Current year to date 30 June 2024 RM'000	Preceding year to date 30 June 2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(547)	-
Adjustments for:		
Depreciation of property, plant, and equipment	733	-
Depreciation of right-of-use assets	1,274	-
Amortisation of intangible assets	22	-
Gain on bargain purchase	(3,203)	-
Share options granted under ESOS	44	-
Interest expense on term loan	995	-
Interest expense on lease liabilities	364	-
Income distribution from short term funds	(45)	-
Unrealised gain from investment in short term funds	(30)	-
Interest income on contract assets	(2,386)	-
Bad debt written-off	20	-
Impairment losses on trade receivables	6,228	-
Impairment losses on contract assets	92	-
Reversal of impairment losses on trade receivables	(1,372)	-
Reversal of impairment losses on contract assets	(680)	-
Gain on disposal of property, plant and equipment	(253)	-
Loss on reassessment & modifications of leases	(5)	-
Share of results in associate	(773)	-
Dividend received from associates	(64)	-
Operating profit before working capital changes	414	-
Changes in working capital:		
Trade and other receivables	(6,735)	-
Inventory	6,199	-
Contract assets	4,759	-
Trade and other payables	1,785	-
	6,008	-
Cash generated from operations	6,422	-
Tax paid	(2,794)	-
NET CASH FROM OPERATING ACTIVITIES	3,628	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,082)	-
Proceed from disposal of property, plant and equipment	60	-
Income distribution received from short term funds	75	-
Investment in a subsidiary	(6,500)	-
Investment in an associate	(3,000)	-
Dividend received from associates	64	-
NET CASH USED IN INVESTING ACTIVITIES	(10,383)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	3,680	-
Repayment of term loan	(4,720)	-
Repayment of lease liabilities	(1,617)	-
Interest paid	(1,358)	-
Proceeds from issuance of shares in subsidiary	1,000	-

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Proceeds from private placement	2,781	-
NET CASH USED IN FINANCING ACTIVITIES	(234)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,989)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	14,740	-
EFFECT OF EXCHANGE RATE FLUCTUATIONS	(14)	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	7,737	-
Cash and cash equivalents comprised the following:		
Cash and bank balances	7,698	-
Short term funds	39	-
	7,737	-

As announced on 19 January 2024, the financial year end of the Group has been changed from 31 December 2023 to 30 June 2024. As such, no comparative financial information will be available for the preceding year's corresponding periods.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE SIXTH (6th) QUARTER ENDED 30 JUNE 2024

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024.

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”).

As announced on 19 January 2024, the financial year end of the Group has been changed from 31 December 2023 to 30 June 2024. As such, there will be no comparative financial information available for the preceding year’s corresponding periods.

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
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2024
Amendments to MFRS 101 <i>Presentation of Financial Statements</i>	1 January 2024
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>	1 January 2024
Amendments to MFRS 112 <i>Income Taxes</i>	1 January 2024

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 Group and the Company have not adopted the following amendments to MFRSs that have been issued, but are yet to be effective.

New MFRSs		Effective for financial periods beginning on or after
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRSs		
MFRS 7	Financial Instruments: Disclosures	1 January 2024/ 1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2025
MFRS 128	Investments in Associates and Joint Ventures	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 on 30 June 2024.

A8. Segmental information

For management purposes, the Group is organised into four (4) 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 FMCG
Provision of essential and eco-friendly consumer products specialising in premium mother care, healthcare, personal care, household, as well as baby and childcare products, catering to the needs of health-conscious families..
- b) Sustainable Consumer Technology
Provision of innovative consumer-based digital solutions for the banking and financial services sector, and offering patented airtime sharing technology for telecommunications providers.
- c) Sustainable Energy
Provision of Intelligent Power Management Solutions, renewal energy, energy audit, and related energy optimisation solutions for businesses and large-scale organisations.
- d) 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:-

	Quarter ended		Period ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Segment revenue				
Sustainable FMCG	11,731	-	60,672	-
Sustainable Consumer Tech	2,322	-	14,124	-
Sustainable Energy	154	-	3,546	-
Others	-	-	-	-
Total revenue	14,207	-	78,342	-
Segment operating profit/(loss) before tax				
Sustainable FMCG	257	-	3,201	-
Sustainable Consumer Tech	267	-	4,601	-
Sustainable Energy	(4,041)	-	(6,527)	-
Others	(652)	-	(1,822)	-
Operating loss before tax	(4,169)	-	(547)	-

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

	Quarter ended		Period ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Malaysia	12,921	-	64,750	-
Asian countries other than Malaysia	667	-	5,554	-
Europe	524	-	7,685	-
Others	95	-	353	-
Total	14,207	-	78,342	-

Year-to-date revenue from Malaysia, Asian countries other than Malaysia, Europe and Others contributed to approximately 82.65%, 7.09%, 9.81% and 0.45% 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

(a) 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. The Company's equity interest in WSB is accounted for using the equity method in the Company's financial statements per MFRS 128.

(b) 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 completing the SSA and the SA on 30 November 2023, TGSB became a 51%-owned subsidiary of SIB.

- (c) On 31 May 2024, the Company’s 51%-owned subsidiary, Offspring Inc Sdn Bhd, completed an acquisition of PT Alami Natura Abadi, a distributor of Offspring products in Indonesia, for an aggregate cash consideration of Ringgit Malaysia Two Million (RM2,000,000.00) only. The percentage ratio applicable to this transaction was 4.83%. As the percentage ratio does not exceed 5%, pursuant to Paragraph 10.05(1) of the Bursa Malaysia Securities Berhad ACE Market Listing Requirements, the Company is not required to announce the acquisition to Bursa Malaysia Securities Berhad.

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.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Group's Financial Performance Review and Segmental Analysis - Performance of the current quarter against the same quarter last year.

As announced on 19 January 2024, the financial year end of the Group has been changed from 31 December 2023 to 30 June 2024. As such, there will be no comparative financial information available for the same quarter last year.

Overall review of the current quarter and financial year to date:

	3 months ended			18 months ended		
	30 June 2024 RM'000	30 June 2023 RM'000	Changes %	30 June 2023 RM'000	31 Dec 2022 RM'000	Changes %
Revenue	14,207	-	-	78,342	-	-
(Loss) / Profit Before Interest, Tax and Share of results in associates	(4,153)	-	-	118	-	-
(Loss) / Profit Before Tax	(4,169)	-	-	(547)	-	-
(Loss) / Profit After Tax for the Period	(4,791)	-	-	(2,746)	-	-
(Loss) / Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	(4,716)	-	-	(2,293)	-	-

For the financial quarter ended 30 June 2024, the Group's revenue was predominantly driven by the Sustainable FMCG segment, contributing approximately 83% of the total. The Sustainable Consumer Tech segment followed with a 16% contribution, while the Sustainable Energy segment accounted for 1%.

The Group recorded a loss before tax of RM4.17 million for this quarter, primarily due to a one-off impairment loss on trade receivables and contract assets within the Sustainable Energy segment. This impairment notably impacted the overall performance of the 18-month period.

Over the 18 months ended 30 June 2024, the Group generated RM78.34 million in revenue. The Sustainable FMCG segment contributed approximately 77% of this amount, with Sustainable Consumer Tech at 18%, and Sustainable Energy at 4.5% respectively. Despite the strong revenue performance, the Group reported a loss before tax of RM0.55 million and a loss after tax and minority interest of RM2.29 million for the 18-month period, largely influenced by the impairment in the final quarter, as well as a higher provision for tax.

B2. Comparison with the immediate preceding quarter's results

	Quarter ended		Changes +/(-) %
	30 June 2024 RM'000	31 Mar 2024 RM'000	
Revenue	14,207	14,711	(3)
Operating (Loss)/ Profit Before Interest, Tax and Share of results in associates	(4,153)	(2,212)	88%
(Loss)/Profit Before Tax	(4,169)	(2,317)	80%
(Loss)/Profit After Tax for the Period	(4,791)	(2,722)	76%
(Loss)/Profit After Tax and Non-controlling Interest For the Period	(4,716)	(2,701)	75%

Revenue for the quarter ended 30 June 2024 decreased by 3% compared to the immediate preceding quarter ended 31 March 2024. The table below provides a breakdown of the revenue for both quarters:-

	30 June 2024 RM'000	31 Mar 2024 RM'000	Changes +/(-) %
Segment revenue			
Sustainable FMCG	11,731	11,768	(0.3)
Sustainable Consumer Tech	2,322	2,256	3
Sustainable Energy	154	687	(78)
Total revenue	14,207	14,711	(3)

The Group reported a loss after tax and non-controlling interest of RM4.72 million for the current quarter, compared to a loss after tax and non-controlling interest of RM2.70 million in the previous quarter. This increased loss was primarily driven by a one-off impairment in the final quarter and an increased tax provision.

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B3. Prospects for 2025

Our strategic objective for the financial year 2025 is to scale and foster growth across all our business segments.

Our Sustainable FMCG segments, driven by our Offspring and Tanamera brands, along with our Halal OEM manufacturing business, FA Herbs Sdn Bhd, is poised for further expansion into densely populated markets.

We aim to:

- a. Deepen market penetration and expand our customer base through targeted marketing strategies.
- b. Enhance margins and improve operational efficiency for new and existing markets.

Our Sustainable Consumer Technology segment is set for another promising year, with plans to:

- a. Broaden our portfolio of Shariah-compliant financial solutions by forging strategic partnerships with financial services institutions (FSIs).
- b. Increase awareness and deepen engagement with FSIs, highlighting the value and benefits of our products and services for end-users.

For our Sustainable Energy segment, our focus for the coming financial year 2025 includes diligently fulfilling our existing contractual obligations and proactively seeking new opportunities to diversify our energy solutions portfolio and enhance our market presence.

Our unwavering commitment to drive continuous growth compels us to:

- a. Adopt appropriate risk management by monitoring and assessing our financial position regularly.
- b. Take prompt and pre-emptive actions to mitigate any potential negative impacts.
- c. Seek and seize growth opportunities that align with our strategic objectives.

As we navigate the current economic and financial landscape, the Group is steadfastly committed to advancing our strategic goals for the financial year ending 30 June 2025 and remains cautiously optimistic to ensure delivering positive results in the next financial year.

B4. Profit forecast

The Group has not issued any profit forecast in any public documents.

B5. Taxation

	Quarter ended		Period ended	
	30 June 2024 RM'000	30 June 2023 RM'000	30 June 2024 RM'000	30 June 2023 RM'000
Tax expense recognised in profit or loss:				
Current tax provision	622	-	2,199	-
Under tax provision	-	-	-	-
	622	-	2,199	-
Deferred Tax:				
Relating to origination of Temporary Difference	-	-	-	-
Over provision in prior years	-	-	-	-
Tax expense for the financial period	622	-	2,199	-

B6. Status of corporate proposals and utilisation of proceeds

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 at the date of this report, the proceeds from the partial Private Placement have been utilised in the following manner:

Purpose	Proposed utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation	Explanations (if the deviation is 5% or more)	
	RM'000	RM'000		RM'000	%	
General working capital	2,531	2,669	Within 24 months from completion	(138)	-5	(a)
Private Placement expenses	250	112	Upon completion	138	55	(b)
Total gross proceeds	2,781	2,781		-	-	

Notes:

(a) *The general working capital allocated from this round of Private Placement has been fully utilised as at the date of this report.*

(b) *The actual expenses incurred for the Private Placement were lower than the estimated expense. Hence the balance of unutilised Private Placement proceeds of RM0.14 million has been re-allocated to the working capital of the Group..*

On 6 February 2024, the Company announced that Bursa Securities granted the Company an extension of 6 months from 3 February 2024 to 2 August 2024 to complete the implementation of the Private Placement.

On 2 August 2024, the Company announced that the timeframe to implement the Private Placement had lapsed on 2 August 2024, which marks the completion of the Private Placement.

Save as disclosed above, there is no other corporate proposal that has been announced but not completed as of the date of this report.

B7. Borrowings

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

	30 June 2024 RM'000	30 June 2023 RM'000
Current liabilities		
Term loan (secured)	3,798	-
Revolving credit	500	-
Trade finance products	733	-
	<u>5,031</u>	<u>-</u>
Non-current liabilities		
Term loan (secured)	5,761	-
	<u>5,761</u>	<u>-</u>
Total borrowings	<u>10,792</u>	<u>-</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

On 22 September 2023, the Company announced that it had received a letter from the solicitors representing 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 today, the Company holds 51% equity interest whilst SCSB holds 49% equity interest in OFFSPRING.

The plaintiffs initiated an arbitration against SCSB and OFFSPRING (collectively referred to as "the Defendants"). The Plaintiffs claimed that they were entitled to

rights and interest to 49% of shares in OFFSPRING along with damages. However, the Statement of Claim did not mention any specific amount for the claim.

The Plaintiffs obtained a Court Order to recognise and enforce an arbitration award that granted certain reliefs, namely:

- 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 the 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 under 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 was no other material litigation taken or threatened against the Company and its subsidiaries.

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.

	Quarter ended		Period ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Loss attributable to the owners of the Company (RM'000)	(4,791)	-	(2,746)	-
Weighted average number of ordinary shares in issue ('000)	365,352	-	353,184	-
Basic earnings per share (sen)	(1.31)	-	(0.77)	-

(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").

	Quarter ended		Period ended	
	30 June 2024	30 June 2023	30 June 2024	30 June 2023
Loss attributable to the owners of the Company (RM'000)	(4,791)	-	(2,746)	-
Weighted average number of ordinary shares in issue ('000)	365,352	-	353,184	-
Effect of dilution from share options ('000)	-*	-	-*	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	365,352	-	353,184	-
Diluted earnings per share (sen)	(1.31)	-	(0.77)*	-

*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 since their impact is anti-dilutive because the average market price was lower than the ESOS offer price.

B11. Disclosure on selected expense/(income) items as required by the Listing Requirements

Included in profit before taxation are the following expense/(income) items:-

	Quarter ended 30 June 2024 RM'000	Quarter ended 30 June 2023 RM'000	Period ended 30 June 2024 RM'000	Period ended 30 June 2024 RM'000
Depreciation of property, plant and equipment	185	-	733	-
Depreciation of right-of-use assets	219	-	1,274	-
Amortisation of intangible assets	8	-	22	-
(Gain)/Loss on foreign exchange - realised	(18)	-	(206)	-
Income distribution received from short term funds	(8)	-	(45)	-
Unrealised gain from investment in short term funds	-	-	(30)	-
Interest income on contract assets	(351)	-	(2,386)	-
Interest expense	104	-	1,154	-
Impairment loss on receivables	6,228	-	6,228	-
Impairment loss on contract assets	92	-	92	-
Reversal of impairment losses on trade receivables	(5)	-	(1,372)	-
Reversal of impairment losses on contract assets	(680)	-	(680)	-

By Order of the Board

TAN TONG LANG (MAICSA 7045482)

ANG WEE MIN (MAICSA 7076022)

Company Secretaries

Kuala Lumpur
29 August 2024