



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

**INTERIM FINANCIAL REPORT FOR THE
FOURTH (4th) QUARTER ENDED 31 DECEMBER 2023**

Contents	Page
Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Unaudited Condensed Consolidated Statement of Financial Position	3
Unaudited Condensed Consolidated Statement of Changes in Equity	4
Unaudited Condensed Consolidated Statement of Cash Flows	5-6
Notes to the Condensed Consolidated Financial Report	7

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH (4th) QUARTER ENDED 31 DECEMBER 2023

	<i>Quarter Ended</i>			<i>Year-To-Date Ended</i>		
	31 Dec 2023 RM'000	31 Dec 2022 RM'000	Changes %	31 Dec 2023 RM'000	31 Dec 2022 RM'000	Changes %
Revenue	14,974	8,067	86	49,423	38,352	29
Other income	3,739	107	>100	6,923	3,639	90
Cost of sales	(9,735)	(2,768)	>100	(26,196)	(19,054)	37
Administration expenses	(7,833)	(6,358)	23	(23,785)	(20,258)	17
Profit from operations	1,145	(952)	>100	6,365	2,679	>100
Finance costs	(314)	(266)	18	(803)	(554)	45
Share of result of associates, net of tax	114	-	>100	377	-	>100
Profit before taxation	945	(1,218)	>100	5,939	2,125	>100
Taxation	(369)	595	>100	(1,171)	(774)	51
Profit for the period, representing total comprehensive income	576	(623)	>100	4,768	1,351	>100
NET PROFIT ATTRIBUTABLE TO:						
- Owners of the parent	1,353	(356)	>100	5,124	768	>100
- Non-controlling interests	(777)	(267)	>100	(356)	583	>100
	576	(623)	>100	4,768	1,351	>100
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
- Owners of the parent	1,353	(356)	>100	5,124	768	>100
- Non-controlling interests	(777)	(267)	>100	(356)	583	>100
	576	(623)	>100	4,768	1,351	>100
Weighted average number of ordinary shares ('000)	358,309	347,352	3	350,114	347,263	1
Earnings per share attributable to the owners of the parent (Sen):						
- Basic	0.38	(0.10)	>100	1.46	0.22	>100
- Diluted	0.38	(0.10)	>100	1.46	0.22	>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 31 DECEMBER 2023

	Unaudited as at 31 Dec 2023 RM'000	Audited as at 31 Dec 2022 RM'000
NON-CURRENT ASSET		
Property, plant and equipment	18,437	3,217
Right-of-use assets	2,778	1,563
Intangible asset	508	98
Contract assets	12,909	13,045
Deferred tax asset	827	762
Investment in associate	3,377	-
	38,836	18,685
CURRENT ASSETS		
Receivables, deposit & prepayments	21,951	11,155
Contract assets	1,800	3,381
Inventories	9,846	9,377
Short term funds	39	3,013
Cash and bank balances	12,091	11,477
Current tax asset	682	670
	46,409	39,073
TOTAL ASSETS	85,245	57,758
EQUITY		
Share capital	68,493	65,712
Reserves	(23,345)	(28,513)
Non-controlling interest	14,911	4,231
TOTAL EQUITY	60,059	41,430
NON-CURRENT LIABILITIES		
Bank borrowing	7,109	7,245
Lease liabilities	871	1,080
Deferred tax liabilities	95	8
	8,075	8,333
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	9,610	2,996
Lease liabilities	1,582	654
Bank borrowing	5,919	4,339
Current tax liability	-	6
	17,111	7,995
TOTAL LIABILITIES	25,186	16,328
TOTAL EQUITY AND LIABILITIES	85,245	57,758
Weighted average number of ordinary shares ('000)	350,114	347,263
NET ASSETS PER SHARE (Sen)	17.15	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 FOURTH (4th) QUARTER ENDED 31 DECEMBER 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 31 December 2023							
Balance as at 1 January 2023	65,712	114	(24,439)	(4,188)	37,199	4,231	41,430
Total comprehensive income	-	-	-	5,124	5,124	(356)	4,768
Acquisition of a subsidiary	-	-	-	-	-	11,036	11,036
Transactions with owners:							
Issuance of shares from private placement	2,781	-	-	-	2,781	-	2,781
Share options vested under ESOS	-	44	-	-	44	-	44
Balance as at 31 December 2023	68,493	158	(24,439)	936	45,148	14,911	60,059
Preceding year corresponding period ended 31 December 2022							
Balance as at 1 January 2022	65,649	50	(24,439)	(4,956)	36,304	4,628	40,932
Total comprehensive income	-	-	-	768	768	583	1,351
Transactions with owners:							
Issuance of shares: Proceeds from ESOS	63	(1)	-	-	62	-	62
Share options vested under ESOS	-	65	-	-	65	-	65
Dividends	-	-	-	-	-	(980)	(980)
Balance as at 31 December 2022	65,712	114	(24,439)	(4,188)	37,199	4,231	41,430

(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 FOURTH (4th) QUARTER ENDED 31 DECEMBER 2023

	Current year to date 31 Dec 2023 RM'000	Preceding year to date 31 Dec 2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,939	2,125
Adjustments for:		
Depreciation of property, plant, and equipment	336	275
Depreciation of right-of-use assets	847	729
Amortisation of intangible assets	12	12
Gain on bargain purchase	(3,307)	-
Share options granted under ESOS	44	65
Interest expense on term loan	553	309
Interest expense on lease liabilities	119	125
Interest expense on letter of credit	106	95
Interest expense on bank facilities	25	25
Income distribution from short term funds	(57)	(33)
Inventories written off	-	13
Unrealised gain from investment in short term funds	(1)	-
Unrealised gain on foreign exchange	-	(10)
Interest income on contract assets	(1,665)	(1,812)
Impairment losses on:		
-amount owing by associate	-	436
-trade receivables	-	706
Reversal of impairment losses on:		
-trade receivables	(1,367)	(2,196)
-contract assets	-	(849)
Gain on disposal of property, plant and equipment	(230)	(1)
Share of results in associate	(377)	-
Operating profit before working capital changes	977	14
Changes in working capital:		
Trade and other receivables	(2,576)	259
Inventory	3,347	(2,296)
Contract assets	3,382	2,850
Trade and other payables	(609)	592
	3,544	1,405
Cash generated from operations	4,521	1,419
Tax paid	(1,389)	(2,131)
NET CASH GENERATED FROM/ (USED IN) OPERATING ACTIVITIES	3,132	(712)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12)	(89)
Purchase of intangible assets	-	(17)
Proceeds from disposal of property, plant and equipment	-	1
Advances to associate	-	(436)
Income distribution received from short term funds	26	33
Investment in a subsidiary	(4,500)	-
Investment in an associate	(3,000)	-
Payment to ultimate holding company in respect of profit guarantee	-	(1,938)
NET CASH USED IN INVESTING ACTIVITIES	(7,486)	(2,446)

CASH FLOWS FROM FINANCING ACTIVITIES

Drawdown of bank borrowing	2,815	14,958
Repayment of term loan	(1,564)	(2,095)
Repayment of lease liabilities	(1,420)	(794)
Repayment of trust receipt	-	(753)
Repayment of clean import financing	-	(3,135)
Repayment of banker acceptance	-	(2,493)
Interest paid	(795)	(429)
Proceeds from private placement	2,781	-
Proceeds from issuance of shares	-	62
Dividend paid	-	(980)

NET CASH GENERATED FROM FINANCING ACTIVITIES

	1,817	4,341
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NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS

	(2,536)	1,183
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CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD

	14,666	13,307
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CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD

	12,130	14,490
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Cash and cash equivalents comprised the following:

Cash and bank balances	12,091	11,477
Short term funds	39	3,013
	12,130	14,490

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL REPORT FOR THE FOURTH (4th) QUARTER ENDED 31 December 2023

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 December 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

As at the end of the quarter ended 31 December 2023, a total of 18,000,000 new ordinary shares were issued pursuant to the exercise of Private Placement. Details of the issued share capital of the Company as at 31 December are as follows:

	No. of Shares	RM’000
As at 1.10.2023	347,352,052	65,712
Ordinary shares issued pursuant to the Private Placement	18,000,000	2,781
As at 31.12.2023	365,352,052	68,493

Other than the above, there were no issuance, cancellation, repurchases, resale, or repayments of debt and equity securities in the current quarter and the financial period ended 31 December 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) Financial Technology (“FinTech”)
Provision of financial technology solutions for the banking industry.
- c) Sustainable Energy
Provision of green technology and Internet of Things (“IoT”) solutions for sustainable and environmentally friendly products and services.
- 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		12 months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	RM’000	RM’000	RM’000	RM’000
Segment revenue				
Sustainable Healthcare	12,264	6,673	37,173	30,031
FinTech	2,330	1,521	8,361	5,509
Sustainable Energy	158	(578)	2,704	887
TelcoTech	222	451	1,185	1,925
Total revenue	14,974	8,067	49,423	38,352

Segment operating profit/(loss) before tax

Sustainable Healthcare	1,740	(854)	2,851	1,911
FinTech	871	705	3,439	2,221
Sustainable Energy	(990)	(212)	37	622
TelcoTech	(33)	(180)	273	(960)
Others	(643)	(677)	(661)	(1,669)
Operating profit before tax	945	(1,218)	5,939	2,125

	31 Dec 2023	31 Dec 2022
	RM’000	RM’000
Segment Assets		
Sustainable Healthcare	46,221	17,545
FinTech	4,436	6,110
Sustainable Energy	27,856	17,410
TelcoTech	614	15,010
Others	4,610	251
Total Assets	83,737	56,326

Segment Liabilities		
Sustainable Healthcare	14,523	7,695
FinTech	1,024	398
Sustainable Energy	8,814	4,252
TelcoTech	308	3,667
Others	422	302
Total Liabilities	25,091	16,314

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

	3 months ended		12 months ended	
	31 Dec 2023 RM'000	31 Dec 2022 RM'000	31 Dec 2023 RM'000	31 Dec 2022 RM'000
Malaysia	11,295	7,431	40,284	31,439
Asian countries other than Malaysia	1,110	132	3,694	2,118
Europe	2,490	352	5,366	4,258
Others	79	152	79	537
Total	14,974	8,067	49,423	38,352

Year-to-date revenue from Malaysia, Asian countries other than Malaysia, Europe and Others contributed to approximately 81.51%, 7.47%, 10.86% and 0.16% 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 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.

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

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

Overall review of the Group's financial performance

	3 months ended			12 months ended		
	31 Dec 2023 RM'000	31 Dec 2022 RM'000	Changes %	31 Dec 2023 RM'000	31 Dec 2022 RM'000	Changes %
Revenue	14,974	8,067	86	49,423	38,352	29
Operating Profit	1,145	(952)	>100	6,365	2,679	>100
Profit Before Interest and Tax	1,145	(952)	>100	6,365	2,679	>100
Profit Before Tax	945	(1,218)	>100	5,939	2,125	>100
Profit After Tax for the Period	576	(623)	>100	4,768	1,351	>100
Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	1,353	(356)	>100	5,124	768	>100

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

Group revenue for 4Q 2023 was RM14.97 million, an increase of 86% from RM8.07 million in 4Q 2022. The increase mainly contributed from the Sustainable Healthcare and the Fintech segments during the quarter under review.

The Group achieved an operating profit before tax of RM0.95 million, showing improvement compared to the operating loss before tax of RM1.22 million in 4Q 2022.

The Group recorded a profit after tax and non-controlling interest of RM1.35 million compared to a loss after tax of RM0.36 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 31 December 2023, total equity attributable to the owners of the Company was RM60.06 million, an increase from RM41.43 million as at 31 December 2022.

Total assets increased to RM85.25 million on 31 December 2023 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 RM21.95 million and increase in property, plant and equipment from RM3.22 million to RM18.44 million in 31 December 2023.

Total liabilities increased from RM16.33 million as at 31 December 2022 to RM25.19 million as of 31 December 2023. The increase in total liabilities was

mainly due to the increase in payables, accruals & other current liabilities from RM2.99 million to RM9.61 million in 31 December 2023.

(iii) Statement of Cash Flows

As at 31 December 2023, the Group recorded a net cash outflow of RM2.54 million. The Group has RM12.13 million in short-term deposits and bank balances, RM13.03 million in borrowings, and RM2.45 million in lease liabilities.

For the twelve (12) months ended 31 December 2023, the net cash generated in operating activities was RM3.13 million compared to RM0.71 million net cash used in the previous corresponding period 2022.

Net cash used in investing activities amounted to RM7.49 million in the twelve (12) months ended 31 December 2023, compared to RM2.45 million used in the previous corresponding period in 2022. This increase was mainly attributed to investments made in an associate company and a subsidiary.

During the period, net cash generated from financing activities amounted to RM1.82 million, a decrease compared to the net cash generated from financing activities of RM4.34 million from the same period in 2022. This decrease was mainly attributable to the repayment of trade facilities and lease liabilities.

Segmental analysis

a. Current quarter ended 31 December 2023 (“4Q 2023”) compared with the previous corresponding quarter ended 31 December 2023 (“4Q 2022”):

Sustainable Healthcare

In 4Q 2023, the Sustainable Healthcare segment revenue was RM12.26 million, an increase of 83.79% or RM5.59 million compared to 4Q 2022. The increase was mainly attributed to increased contributions from both online and international sales channels.

The segment recorded an operating profit before tax of RM1.74 million in the current quarter as compared to the segment operating loss before tax of RM0.85 million in 4Q 2022.

FinTech

Revenue for the FinTech segment in 4Q 2023 was RM2.33 million, a notable increase of 53.19% from the revenue recorded in 4Q 2022. The substantial traffic generated from its Tawarruq and Go Halal platforms compared to 4Q 2022 were the primary factors driving the segment’s revenue growth.

The segment achieved an operating profit before tax of RM0.87 million in the current quarter, surpassing the operating profit before tax of RM0.71 million recorded in 4Q 2022.

Sustainable Energy

The Sustainable Energy segment recorded a revenue of RM0.16 million in 4Q 2023. The revenue from this segment was a continuation of existing maintenance and servicing contracts with a partner on providing energy-saving solutions for a financial institution and a telecommunications company. There were no new roll-outs of Sustainable Energy solutions under the energy performance contracts with key clients in the current quarter.

The segment recorded an operating loss before tax of RM0.99 million in 4Q 2023, compared to the segment operating loss before tax of RM0.21 million in 4Q 2022.

TelcoTech

TelcoTech platform recorded a revenue of RM0.22 million in 4Q 2023, a decrease of 50.78% from the same period last year. This was mostly due to lower sharing platform transactions in 4Q 2023 than 4Q 2022, as the segment's daily transaction volume remained low.

The segment recorded an operating loss before tax of RM0.03 million in 4Q 2023 as compared to RM0.18 million operating loss before tax in 4Q 2022.

Others

This segment comprises operations relating to investment holding company.

The segment recorded a segment operating loss before tax of RM0.64 million in 4Q 2023 as compared to a segment operating loss of RM0.68 million in 4Q 2022. The segment's result includes an RM0.11 million share of profits in an associate for the current quarter.

B2. Comparison with the immediate preceding quarter's results

	Quarter ended		Changes + / (-) %
	31 Dec 2023 RM'000	30 Sep 2023 RM'000	
Revenue	14,974	10,621	41
Operating Profit Before Interest and Tax	1,145	1,444	(21)
Profit Before Tax	945	1,290	(27)
Profit After Tax for the Period	576	998	(42)
Profit After Tax and Non-controlling Interest For the Period	1,353	801	69

Revenue for the quarter ended 31 December 2023 increased by 41% compared to the immediate preceding quarter ended 30 September 2023. The following table shows the revenue breakdown comparison with the immediate preceding quarter:-

	31 Dec 2023 RM'000	30 Sep 2023 RM'000	Changes + / (-) %
Segment revenue			
Sustainable Healthcare	12,264	8,076	52
FinTech	2,330	2,130	9
Sustainable Energy	158	150	5
TelcoTech	222	265	(16)
Total revenue	14,974	10,621	41

The Group recorded a profit after tax and non-controlling interest of RM1.35 million in the current quarter compared to the profit after tax and non-controlling interest of RM0.80 million in the immediate preceding quarter.

B3. Prospects for the current financial year

In 2023, our strategic objective is to foster growth across all our business segments.

Our Sustainable Healthcare subsidiary, operating under the Offspring brand, is poised for further expansion into densely populated markets. We are focused on augmenting our average basket size, broadening our customer base, and expanding our points of sale.

Similarly, our FinTech division is poised for another promising year as it expands its portfolio of Shariah-compliant FinTech solutions for financial services institutions (FSIs). We anticipate attracting more FSIs to our services, enabling them to offer distinctive products and services to end-users.

On the Sustainable Energy front, we are diligent in fulfilling our existing contractual obligations while continuously seeking new opportunities.

As we navigate the current financial landscape, we maintain a cautious optimism regarding our prospects for posting positive results, contingent upon unforeseen circumstances. Our commitment to excellence remains unwavering, coupled with a vigilant stance toward developments that may adversely impact the Group.

Furthermore, we continue to diligently monitor and reassess our financial position, taking prompt and appropriate actions to mitigate any negative impacts. Simultaneously, we remain vigilant for growth opportunities that align with our strategic objectives.

B4. Profit forecast

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

B5. Taxation

	3 months ended		12 months ended	
	31 Dec 2023 RM'000	31 Dec 2022 RM'000	31 Dec 2023 RM'000	31 Dec 2022 RM'000
Tax expense recognised in profit or loss:				
Current tax provision	369	(300)	1,171	1,070
Under tax provision	-	53	-	52
	369	(247)	1,171	1,122
Deferred Tax:				
Relating to origination of				
Temporary Difference	-	(443)	-	(443)
Over provision in prior years	-	95	-	95
Tax expense for the financial period	369	(595)	1,171	774

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	1,188	Within 24 months from completion	1,343	53	(a)
Private Placement expenses	250	112	Upon completion	138	55	(b)
Total gross proceeds	2,781	1,300		1,481	53	

Notes:

- (a) *The general working capital allocated from this round of Private Placement has not 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 as the private placement has not been fully completed as at the date of this report.*

Save as disclosed above, there is no other corporate proposal which has been announced but not completed as of 27 February 2024, being the date of this report.

B7. Borrowings

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

	31 Dec 2023 RM'000	31 Dec 2022 RM'000
Current liabilities		
Term loan (secured)	3,098	971
Revolving credit	500	500
Trade finance products	2,321	2,868
	<u>5,919</u>	<u>4,339</u>
Non-current liabilities		
Term loan (secured)	7,109	7,245
	<u>7,109</u>	<u>7,245</u>
Total borrowings	<u>13,028</u>	<u>11,584</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 to-date, 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 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 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.

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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		12 months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Profit attributable to the owners of the Company (RM'000)	1,354	(356)	5,124	768
Weighted average number of ordinary shares in issue ('000)	358,309	347,352	350,114	347,263
Basic earnings per share (sen)	0.38	(0.10)	1.46	0.22

(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		12 months ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Profit attributable to the owners of the Company (RM'000)	1,354	(356)	5,124	768
Weighted average number of ordinary shares in issue ('000)	358,309	347,352	350,114	347,263
Effect of dilution from share options ('000)	-*	762	-*	762
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	358,309	348,114	350,114	348,025
Diluted earnings per share (sen)	0.38	(0.10)	1.46	0.22

*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.

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 31 Dec 2023 RM'000	3 months ended 31 Dec 2022 RM'000	12 months ended 31 Dec 2023 RM'000	12 months ended 31 Dec 2022 RM'000
Depreciation of property, plant and equipment	61	66	336	275
Depreciation of right-of-use assets	209	185	847	729
Amortisation of intangible assets	3	-	12	12
(Gain)/Loss on foreign exchange - realised	(47)	(115)	(127)	(265)
Income distribution received from short term funds	(7)	-	(57)	(33)
Unrealised gain from investment in short term funds	(1)	-	(1)	-
Interest income on contract assets	(372)	(438)	(1,665)	(1,812)
Interest expense	202	266	803	554
Impairment loss on amount owing by associate	-	436	-	436
Impairment/ (Reversal) of impairment losses on trade receivables	-	500	(1,367)	(1,490)
Reversal of impairment losses on contract assets	-	(849)	-	(849)

By Order of the Board

CHUA SIEW CHUAN (MAICSA 0777689)

CHENG CHIA PING (MAICSA 1032514)

Company Secretaries

Kuala Lumpur
27 February 2024