



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

**INTERIM FINANCIAL REPORT FOR THE
THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2022**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3rd) QUARTER ENDED 30 SEPTEMBER 2022

	Quarter Ended			Year-To-Date Ended		
	30 Sep 2022 RM'000	30 Sep 2021 RM'000	Changes %	30 Sep 2022 RM'000	30 Sep 2021 RM'000	Changes %
Revenue	12,160	10,252	19	30,285	38,156	(21)
Other income	519	1,312	(60)	3,532	3,358	5
Cost of sales	(5,954)	(4,675)	27	(16,286)	(17,390)	(6)
Administration expenses	(5,446)	(4,553)	20	(13,900)	(13,175)	6
Profit/(Loss) from operations	1,279	2,336	(45)	3,631	10,949	(67)
Finance costs	(84)	(37)	130	(288)	(116)	>100
Share of result of associates, net of tax	-	-	-	-	-	-
Profit/(Loss) before taxation	1,195	2,299	(48)	3,343	10,833	(69)
Taxation	(375)	(237)	58	(1,369)	(664)	>100
Profit/(Loss) for the period, representing total comprehensive income/(loss)	820	2,062	(60)	1,974	10,169	(81)
NET PROFIT/(LOSS) ATTRIBUTABLE TO:						
- Owners of the parent	323	1,240	(74)	1,124	7,919	(86)
- Non-controlling interests	497	822	(40)	850	2,250	(62)
	820	2,062	(60)	1,974	10,169	(81)
TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:						
- Owners of the parent	323	1,240	(74)	1,124	7,919	(86)
- Non-controlling interests	497	822	(40)	850	2,250	(62)
	820	2,062	(60)	1,974	10,169	(81)
Weighted average number of ordinary shares ('000)	347,322	347,189	0.1	347,223	323,201	7
Earnings per share attributable to the owners of the parent (Sen):						
- Basic	0.09	0.36	(74)	0.32	2.45	(87)
- Diluted	0.09	0.36	(74)	0.32	2.45	(87)

(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 2021 and the accompanying explanatory notes attached to this interim financial report.)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022

	Unaudited as at 30 Sep 2022 RM'000	Audited as at 31 Dec 2021 RM'000
NON-CURRENT ASSET		
Property, plant and equipment	3,369	3,496
Right-of-use assets	997	971
Lease receivables	15,525	14,905
Deferred tax asset	407	407
Investment in associates	436	-
	<u>20,734</u>	<u>19,779</u>
CURRENT ASSETS		
Receivables, deposit & prepayments	11,639	9,913
Lease receivables	1,163	1,710
Inventories	9,600	7,094
Short term funds	9,037	6,799
Cash and bank balances	3,096	6,508
Current tax asset	72	53
	<u>34,607</u>	<u>32,077</u>
TOTAL ASSETS	<u>55,341</u>	<u>51,856</u>
EQUITY		
Share capital	65,712	65,649
Reserves	(28,184)	(29,345)
Non-controlling interest	4,497	4,627
TOTAL EQUITY	<u>42,025</u>	<u>40,931</u>
NON-CURRENT LIABILITIES		
Bank borrowing	3,402	3,355
Lease liabilities	436	542
Deferred tax liabilities	2	2
	<u>3,840</u>	<u>3,899</u>
CURRENT LIABILITIES		
Payables, accruals & other current liabilities	2,505	4,341
Lease liabilities	659	539
Bank borrowing	6,039	1,748
Current tax liability	273	398
	<u>9,476</u>	<u>7,026</u>
TOTAL LIABILITIES	<u>13,316</u>	<u>10,925</u>
TOTAL EQUITY AND LIABILITIES	55,341	51,856
Weighted average number of ordinary shares ('000)	347,223	329,247
NET ASSETS PER SHARE (Sen)	12.10	12.43

(The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022**

	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 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
Preceding year corresponding period ended 30 September 2021							
Balance as at 1 January 2021	52,895	120	(24,439)	(13,255)	15,321	2,606	17,927
Total comprehensive income	-	-	-	7,919	7,919	2,250	10,169
Transactions with owners:							
Issuance of shares:							
Private Placement	12,451	-	-	-	12,451	-	12,451
Proceeds from ESOS	303	(115)	-	-	188	-	188
Share options granted under ESOS	-	36	-	-	36	-	36
Balance as at 30 September 2021	65,649	41	(24,439)	(5,336)	35,915	4,856	40,771

(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 2021 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 2022

	Current year to date 30 Sep 2022 RM'000	Preceding year to date 30 Sep 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,343	10,833
Adjustments for:		
Depreciation of property, plant and equipment	222	273
Depreciation of right-of-use assets	544	207
Share options vested under ESOS	38	36
Interest expense	246	107
Interest expense on lease liabilities	42	9
Income distribution from short term funds	(77)	(53)
Interest income from finance lease	(1,374)	(1,621)
Impairment losses on trade & finance lease receivables	-	1,954
Gain on disposal of property, plant and equipment	(1)	-
Reversal of impairment losses on trade receivables	(1,909)	(1,450)
Unrealised loss on foreign exchange	-	1
Operating profit before working capital changes	<u>1,074</u>	<u>10,296</u>
Changes in working capital:		
Trade and other receivables	(7,598)	2,790
Inventory	(2,506)	(2,675)
Lease receivables	1,655	(8,494)
Trade and other payables	7,302	953
	<u>1,147</u>	<u>(7,426)</u>
Cash (used in)/ generated in operations	(73)	2,870
Tax paid	(1,271)	(653)
NET CASH (USED IN)/ GENERATED FROM OPERATING ACTIVITIES	<u>(1,344)</u>	<u>2,217</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(94)	(140)
Income distribution received from short term funds	60	53
Investment in a subsidiary	-	(11,240)
Investment in associate	(436)	(333)
Unrealised loss on foreign exchange	-	(1)
Payment to ultimate holding company in respect of profit guarantee	(1,938)	(1,938)
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,408)</u>	<u>(13,599)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	5,419	3,048
Repayment of term loan	(1,079)	(184)
Interest on term loan	(184)	(107)
Repayment of lease liabilities	(556)	(194)
Interest on lease liabilities	(42)	(9)
Interest paid on letter of credit and revolving credit	(62)	-
Proceeds from issuance of shares	62	12,638
Dividend paid	(980)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>2,578</u>	<u>15,192</u>

NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(1,174)	3,810
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	13,307	13,393
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	12,133	17,203
Cash and cash equivalents comprised the following:		
Cash and bank balances	3,096	10,257
Short term funds	9,037	6,946
	12,133	17,203

(The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2022

A: EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2022.

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 2021, which have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

A2. Significant Accounting Policies

The accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2021 except for the adoption of the following standards that became effective for financial period beginning 1 January 2022:

Title	Effective Date
Amendments to MFRS1 <i>First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)</i>	1 January 2022
Amendments to MFRS 3 <i>Business Combinations - Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022

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

Standards issued but not yet effective

The Group has not adopted the following pronouncements that have been issued but not yet effective:

Title	Effective Date
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</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
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for future financial years.

A3. Auditors' report of preceding annual financial statements

There was no qualification to the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2021.

A4. Seasonal or cyclical factors

The business operations of the Group during the financial period under review have not been materially affected by any seasonal or cyclical factors.

A5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review.

A6. Material changes in estimates

Not applicable as there were no estimates reported in the prior financial years.

A7. Debt and equity securities

As at the end of the quarter ended 30 September 2022, a total of 163,000 new ordinary shares were issued pursuant to the exercise of ESOS. Details of the issued share capital of the Company as at 30 September are as follows:

	No. of Shares	RM'000
As at 1.7.2022	347,189,052	65,649
Ordinary shares issued pursuant to the ESOS	163,000	62
As at 30.09.2022	347,352,052	65,711

Other than the above, there were no issuance, cancellation, repurchases, resale and repayments of debt and equity securities in the current quarter and financial period ended 30 September 2022.

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 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 are as follows:

	3 months ended		9 months ended	
	30 Sep 2022 RM'000	30 Sep 2021 RM'000	30 Sep 2022 RM'000	30 Sep 2021 RM'000
Segment revenue				
Sustainable Healthcare	8,931	7,880	23,358	19,619
Sustainable Energy	1,129	848	1,310	13,754
FinTech	1,638	972	3,988	3,052
TelcoTech	462	552	1,629	1,721
Others	-	-	-	10
Total revenue	12,160	10,252	30,285	38,156
Segment operating profit/(loss) before tax				
Sustainable Healthcare	1,197	1,874	2,765	5,141
Sustainable Energy	14	763	678	6,193
FinTech	731	119	1,516	583
TelcoTech	(410)	(35)	(624)	259
Others	(337)	(422)	(992)	(1,343)
Operating profit before tax	1,195	2,299	3,343	10,833
			30 Sep 2022 RM'000	30 Sep 2021 RM'000
Segment Assets				
Sustainable Healthcare			20,055	17,475
Sustainable Energy			29,707	20,422
FinTech			2,150	4,012
TelcoTech			2,407	4,562
Others			543	6,871
Total Assets			54,862	53,342
Segment Liabilities				
Sustainable Healthcare			9,321	5,758
Sustainable Energy			2,034	2,980
FinTech			318	309
TelcoTech			1,100	1,465
Others			268	2,152
Total Liabilities			13,041	12,664

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

	3 months ended		9 months ended	
	30 Sep 2022 RM'000	30 Sep 2021 RM'000	30 Sep 2022 RM'000	30 Sep 2021 RM'000
Malaysia	9,465	7,599	24,008	32,510
Asian countries other than Malaysia	576	1,119	2,112	2,377
Europe	2,085	1,111	3,906	2,509
Others	34	423	259	760
Total	12,160	10,252	30,285	38,156

Year to date revenue from Malaysia, Asian countries other than Malaysia, Europe and Others contributed to approximately 79.27%, 6.98%, 12.90% and 0.86% 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

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

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B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1. Group's Financial Performance Review and Segmental Analysis

Overall review of the Group's financial performance

	3 months ended			9 months ended		
	30 Sep 2022 RM'000	30 Sep 2021 RM'000	Changes %	30 Sep 2022 RM'000	30 Sep 2021 RM'000	Changes %
Revenue	12,160	10,252	19	30,285	38,156	(21)
Operating Profit	1,279	2,336	(45)	3,631	10,949	(67)
Profit Before Interest and Tax	1,279	2,336	(45)	3,631	10,949	(67)
Profit Before Tax	1,195	2,299	(48)	3,343	10,833	(69)
Profit After Tax for the Period	820	2,062	(60)	1,974	10,169	(81)
Profit After Tax & Attributable to Ordinary Equity Holders of the Parent	323	1,240	(74)	1,124	7,919	(86)

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

Group revenue for 3Q 2022 was RM12.16 million, an increase of 19% from RM10.25 million in 3Q 2021. The increase was mainly due to higher contributions from the Sustainable Healthcare, Sustainable Energy and Fintech segment during the quarter under review compared to the preceding year corresponding quarter.

The Group's operating profit before tax decreased by RM1.1 million or 48% as compared to 3Q 2021 due to higher cost of sales incurred by Sustainable Energy and TelcoTech segment.

Consequently, Group profit after tax in 3Q 2022 decreased by 60% to RM0.82 million as compared to RM2.06 million in 3Q 2021.

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 2022, total equity attributable to the owners of the Company was RM42.03 million as compared to RM40.93 million as at 31 December 2021.

Total assets increased to RM55.34 million in 30 September 2022 as compared RM51.86 million in 31 December 2021. This was mainly due to the increased in total receivables, deposit & prepayments and inventories of 17.37% and 35.33% respectively compared to 31 December 2021.

Total liabilities increased from RM10.93 million as at 31 December 2021 to RM13.32 million as of 30 September 2022. The increase in total liabilities was

mainly due to the increase in bank borrowings, in particular, trade finance facilities in the current period.

(iii) Statement of Cash Flows

As at 30 September 2022, the Group had a net cash outflow of RM1.17 million. The Group has RM12.13 million in short-term deposits and bank balances, RM9.44 million in borrowings, and RM1.09 million in lease liabilities.

In comparison to a net cash generated of RM2.22 million in the prior similar period in 2021, the Group's operating activities utilised RM1.34 million of net cash during the nine (9) months ended 30 September 2022.

The nine (9) months ended 30 September 2022 saw a decrease in net cash used in investing activities from RM13.6 million in the prior period in 2021 to RM2.41 million.

During the period, net cash generated from financing activities was RM2.58 million as opposed to RM15.19 million from the same period in 2021.

Segmental analysis

a. Current quarter ended 30 September 2022 (“3Q 2022”) compared with the previous corresponding quarter ended 30 September 2021 (“3Q 2021”):

Sustainable Healthcare

In 3Q 2022, Sustainable Healthcare segment revenue was RM8.93 million, an increase of 13.33% or RM1.05 million compared to 3Q 2021.

The segment recorded an operating profit before tax of RM1.2 million in the current quarter as compared to segment operating profit before tax of RM1.87 million in 3Q 2021. The decrease was mainly due to higher cost of sales, marketing & promotion expenses as well as employee benefit expenses due to increased staff to support business growth, office facilities and related expenses.

Sustainable Energy

The Sustainable Energy segment recorded a revenue of RM1.13 million in 3Q 2022 as compared to RM0.85 million in 3Q 2021. The higher revenue recorded was mainly contributed from its Energy Performance Contract for a new client in 3Q 2022 as compared to 3Q 2021. Other revenue from this segment was a continuation of existing maintenance and servicing contracts with a partner for Green Technology solutions in providing energy-saving solutions for a financial institution and a telecommunications company.

The segment recorded an operating profit before tax of RM0.01 million in 3Q 2022 as compared to segment operating profit before tax of RM0.76 million in 3Q 2021. The decrease mainly due higher cost of sales incurred in current quarter as compared to 3Q 2021.

FinTech

In 3Q 2022, FinTech segment revenue was RM1.64 million, an increase of 69% as compared to 3Q 2021. The increase was mainly contributed by the high traffic from its Tawarruq and Go Halal platform as compared to 3Q 2021.

The segment recorded an operating profit before tax of RM0.73 million in the current quarter, as compared to a RM0.12 operating profit before tax in 3Q 2021.

TelcoTech

TelcoTech platform recorded a revenue of RM0.46 million in 3Q 2022, a decrease of 16.30% from the same period last year. This was mainly due to lower transaction recorded in 3Q 2022 as compared to 3Q 2021.

The segment recorded an operating loss before tax of RM0.41 million in 3Q 2021 as compared to RM0.04 million operating profit before tax in 3Q 2021 due to common operating expenses/indirect cost allocated on a reasonable basis to this segment for whose benefit the expense was incurred.

Others

This segment comprises operations relating to investment holding company.

The segment recorded a segment operating loss before tax of RM0.34 million in 3Q 2022 as compared to a segment operating loss of RM0.42 million in 3Q 2021. This was due to common operating expenses/indirect cost allocated on a reasonable basis to this segment for whose benefit the expense was incurred.

B2. Comparison with immediate preceding quarter's results

	Quarter ended		Changes %
	30 Sep 2022 RM'000	30 Jun 2022 RM'000	
Revenue	12,160	9,084	34
Operating Profit Before Interest and Tax	1,279	1,413	(9)
Profit Before Tax	1,195	1,319	(9)
Profit After Tax for the Period	820	656	25
Profit After Tax and Non-controlling Interest For the Period	323	530	(39)

Revenue for the quarter ended 30 September 2022 increased by 34% as compared to immediate preceding quarter ended 30 June 2022. The following table shows net revenue by segment for quarter ended 30 September 2022 compared to the preceding quarter ended 30 June 2022.

	30 Sep 2022 RM'000	30 Jun 2022 RM'000	Changes +/(-) %
Segment revenue			
Sustainable Healthcare	8,931	7,104	26
Sustainable Energy	1,129	124	>100
FinTech	1,638	1,203	36
TelcoTech	462	653	(29)
Total revenue	12,160	9,084	34

Overall, the profit after tax and non-controlling interest decreased to RM0.32 million in the current quarter compared to profit after tax and non-controlling interest of RM0.53 million in the immediate preceding quarter.

B3. Prospects for 2022

The Group has persevered despite operating in a challenging environment largely due to Russia-Ukraine geopolitical tensions since February 2022. The ongoing military conflict has severely dampened the global recovery from the impacts of the COVID-19 pandemic, slowing growth, increasing inflation and affecting global trade activity.

We managed to successfully record another quarter of uninterrupted profits, an encouraging signal for us as we strive towards recording profitability for a second consecutive fiscal year.

For our Sustainable Energy division, we will be looking to secure more contracts from large corporations, shopping malls and manufacturing companies as we seek to become the enabler for their transformation to achieve green energy. Our healthy pipeline of projects from different customers will ensure long-term certainty and consistency in our revenue stream.

In addition, policies set by relevant authorities augur well for the Group as more companies are required to be fully ESG compliant including EPF's Sustainable Investment Policy which targets to have a fully ESG compliant portfolio by 2030. Furthermore, Bursa Malaysia Securities Berhad requires listed companies to include a Sustainability Statement in their annual reports.

In regards to our Sustainable Healthcare subsidiary under the Offspring brand, we have started making promising inroads in highly populous markets to expand beyond our current presence in 23 countries. With fertility rates remaining high in several of these populous markets combined with the rapidly growing awareness from the masses about climate change, Offspring's potential as a preferred eco-friendly consumer brand for parents is enormous.

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 2022 RM'000	30 Sep 2021 RM'000	30 Sep 2022 RM'000	30 Sep 2021 RM'000
Tax expense recognised in profit or loss:				
Current tax provision	375	237	1,369	664
	<u>375</u>	<u>237</u>	<u>1,369</u>	<u>664</u>
Deferred Tax:				
Relating to origination of Temporary Difference	-	-	-	-
Tax expense for the financial period	<u>375</u>	<u>237</u>	<u>1,369</u>	<u>664</u>

B6. Status of corporate proposals and utilisation of proceeds

- (i) The Group undertook a private placement of up to 20% of the total number of issued shares of SIB based on a shareholders' mandate procured pursuant to Section 75 and Section 76 of the Companies Act, 2016 approved by its shareholders at the Company's 6th Annual General Meeting convened on 29 June 2020 ("Proposed Private Placement"). On 23 October 2020, approximately 25% of the proposed private placement was completed via issuance of 14,500,000 new shares at RM0.132 each – raising a gross proceed of RM1.91 million. On 28 May 2021, approximately 75% of the balance proposed private placement was completed via issuance of 43,533,400 new shares at RM0.286 each – raising a gross proceed of RM12.45 million.

As at the date of this report, the proceeds from the 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	%	
Green Technology Solutions ("GreenTech") segment	6,079	3,789	Within 12 months	2,290	38	(1)
General working capital	7,786	8,036	Within 12 months	-	-	(a)(b)
Private Placement expenses	500	250	Within 1 month	-	-	(b)
Total gross proceeds	<u>14,365</u>	<u>12,075</u>		<u>2,290</u>	<u>16</u>	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Announcements made by the Company dated 18 September 2020, 2 October 2020, 6 October 2020 and 31 May 2021.

Explanation:

- (1) The Group's GreenTech energy saving devices installation works are still in progress.

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 RM0.25 million has been re-allocated to working capital of the Group.*

On 27 May 2022, the Company announced that the utilisation of proceeds raised from private placement was extended for an additional twelve (12) months and is expected to be fully utilised by 31 May 2023.

There were no other corporate proposals, which have been announced but not completed as at 29 November 2022, 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 2022 RM'000	30 Sep 2021 RM'000
Current liabilities		
Term loan (secured)	121	614
Revolving credit	500	500
Trade facilities	5,418	1,268
	<u>6,039</u>	<u>2,382</u>
Non-current liabilities		
Term loan (secured)	3,402	3,283
	<u>3,402</u>	<u>3,283</u>
Total borrowings	<u>9,441</u>	<u>5,665</u>

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

B8. Material litigation

There were no pending material litigations against the Group which might materially and adversely affect the Group's financial position.

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 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Profit/(Loss) attributable to the owners of the Company (RM'000)	323	1,240	1,124	7,919
Weighted average number of ordinary shares in issue ('000)	347,322	347,189	347,223	323,201
Basic earnings per share (sen)	0.09	0.36	0.32	2.45

(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 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Profit/(Loss) attributable to the owners of the Company (RM'000)	323	1,240	1,124	7,919
Weighted average number of ordinary shares in issue ('000)	347,322	347,189	347,223	323,201
Effect of dilution from share options ('000)	2,059	413	2,059	413
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	349,381	347,602	349,282	323,614
Diluted earnings per share (sen)	0.09	0.36	0.32	2.45

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 2022 RM'000	3 months ended 30 Sep 2021 RM'000	9 months ended 30 Sep 2022 RM'000	9 months ended 30 Sep 2021 RM'000
Depreciation of property, plant and equipment	74	75	222	273
Depreciation of right-of-use assets	181	69	544	207
(Gain)/Loss on foreign exchange				
- realised	(43)	-	(150)	-
- unrealised	-	-	-	1
Income distribution received from short term funds	(33)	(39)	(77)	(53)
Interest income from finance lease	(446)	(528)	(1,374)	(1,621)
Impairment losses on trade & finance lease receivables	293	485	-	1,954
Interest expense	84	36	288	116
Reversal of impairment losses on trade receivables	-	(450)	(1,909)	(1,450)

By Order of the Board

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

Kuala Lumpur
 29 November 2022