

SECUREMETRIC BERHAD

Registration No. 201701019864 (1234029-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000
Revenue	9,101	8,514	29,885	26,355
Cost of sales	(3,375)	(4,418)	(12,105)	(11,627)
Gross profit	5,726	4,096	17,780	14,728
Other income	201	283	797	1,236
Administrative expenses	(5,656)	(5,571)	(19,396)	(18,479)
Net gain on impairment of financial instruments	17	1,269	20	1,326
Finance costs	(8)	(11)	(40)	(23)
Share of results of an associate	167	130	94	130
Profit/(Loss) before tax	447	196	(745)	(1,082)
Taxation	(319)	(164)	(1,034)	(778)
Profit/(Loss) for the financial year	128	32	(1,779)	(1,860)
Other comprehensive (loss)/income for the financial year				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Exchange translation differences for foreign operations	(823)	(2)	(420)	85
Share of other comprehensive income of an associate	-	-	3	-
	(823)	(2)	(417)	85
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Net change in fair value of equity investments designated at fair value through other comprehensive income	-	32	96	63
Total other comprehensive (loss)/income for the financial year	(823)	30	(321)	148
Total comprehensive (loss)/income for the financial year	(695)	62	(2,100)	(1,712)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾ (CONT'D)

	3-MONTH ENDED		YEAR-TO-DATE		
	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000	
Profit/(Loss) for the financial year attributable to:					
- Owners of the Company	168	49	(1,708)	(1,846)	
- Non-controlling interests	(40)	(17)	(71)	(14)	
	<u>128</u>	<u>32</u>	<u>(1,779)</u>	<u>(1,860)</u>	
Total comprehensive (loss)/income attributable to:					
- Owners of the Company	(632)	79	(2,019)	(1,698)	
- Non-controlling interests	(63)	(17)	(81)	(14)	
	<u>(695)</u>	<u>62</u>	<u>(2,100)</u>	<u>(1,712)</u>	
Earnings/(Loss) per share attributable to owners of the Company (sen):					
Basic	Note B10	0.03	0.01	(0.30)	(0.33)
Diluted	Note B10	0.03	0.01	(0.30)	(0.33)

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	AS AT 31 December 2022 Unaudited	AS AT 31 December 2021 Audited
	RM'000	RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	935	1,248
Right-of-use assets	1,011	1,403
Investment in an associate	8,227	8,130
Other investments	10,095	6,324
Deferred tax assets	90	117
Trade receivables	810	1,041
	<u>21,168</u>	<u>18,263</u>
CURRENT ASSETS		
Inventories	1,802	1,419
Contract assets	182	504
Trade receivables	6,951	8,147
Other receivables	3,516	4,230
Tax recoverable	608	603
Fixed deposits with licensed banks	7,431	3,123
Cash and bank balances	15,561	19,007
	<u>36,051</u>	<u>37,033</u>
TOTAL ASSETS	<u>57,219</u>	<u>55,296</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	41,310	41,310
Reserves	(11,725)	(11,154)
Retained earnings	11,029	12,477
Total equity attributable to owners of the Company	<u>40,614</u>	<u>42,633</u>
Non-controlling interests	234	315
Total Equity	<u>40,848</u>	<u>42,948</u>
LIABILITIES		
NON-CURRENT LIABILITIES		
Employee benefits	275	332
Lease liabilities	332	731
	<u>607</u>	<u>1,063</u>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾ (CONT'D)

	AS AT 31 December 2022 Unaudited	AS AT 31 December 2021 Audited
	RM'000	RM'000
CURRENT LIABILITIES		
Trade payables	3,813	2,149
Other payables	4,538	3,540
Contract liabilities	6,558	4,810
Lease liabilities	613	624
Tax payable	242	162
	<u>15,764</u>	<u>11,285</u>
Total liabilities	<u>16,371</u>	<u>12,348</u>
TOTAL EQUITY AND LIABILITIES	<u>57,219</u>	<u>55,296</u>
Number of ordinary shares in issue ('000)	576,506 ⁽²⁾	576,506 ⁽²⁾
NET ASSETS PER SHARE (sen)	7.04⁽²⁾	7.40⁽²⁾

Notes:

- (1) The basis of preparation of Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on number of ordinary shares in issue as at the end of the reporting period.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Attributable to owners of the parent							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-Distributable				Distributable					
	Share capital RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Other reserves RM'000	Warrant reserve RM'000	Merger reserve RM'000	Retained earnings RM'000			
At 1 January 2021	35,684	101	(402)	(38,202)	38,205	(11,005)	14,323	38,704	329	39,033
Loss for the financial year	-	-	-	-	-	-	(1,846)	(1,846)	(14)	(1,860)
Other comprehensive income for the financial year	-	63	86	-	-	-	-	149	-	149
Total comprehensive income/(loss) for the financial year	-	63	86	-	-	-	(1,846)	(1,697)	(14)	(1,711)
Transactions with owners										
Issuance of ordinary shares - Private placement ⁽²⁾	5,626	-	-	-	-	-	-	5,626	-	5,626
At 31 December 2021	41,310	164	(316)	(38,202)	38,205	(11,005)	12,477	42,633	315	42,948

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾ (CONT'D)

	Attributable to owners of the parent									
	Non-Distributable						Distributable			
	Share capital	Fair value reserve	Foreign currency translation reserve	Other reserves	Warrant reserve	Merger reserve	Retained earnings	Total	Non-controlling interests	Total equity
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	41,310	164	(316)	(38,202)	38,205	(11,005)	12,477	42,633	315	42,948
Loss for the financial year	-	-	-	-	-	-	(1,708)	(1,708)	(71)	(1,779)
Other comprehensive income/(loss) for the financial year	-	96	(407)	-	-	-	-	(311)	(10)	(321)
Total comprehensive income/(loss) for the financial year	-	96	(407)	-	-	-	(1,708)	(2,019)	(81)	(2,100)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	(260)	-	-	-	-	260	-	-	-
At 31 December 2022	41,310	-	(723)	(38,202)	38,205	(11,005)	11,029	40,614	234	40,848

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) On 3 August 2021, 40,476,000 new Securemetric Shares were listed on the ACE Market of Bursa Malaysia Securities Berhad at RM0.139 each pursuant to a private placement.

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INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	YEAR-TO-DATE	
	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000
Operating Activities		
Loss before tax	(745)	(1,082)
Adjustments for:		
Amortisation of development expenditure	-	483
Allowance for slow moving inventories	83	-
Impairment losses on trade receivables	46	55
Depreciation of property, plant and equipment ("PPE")	579	659
Depreciation of right-of-use ("ROU") assets	761	652
Dividend income	(3)	(1)
Finance costs	40	23
Government grant income	-	(450)
Gain on disposal of PPE	(1)	(16)
Interest income	(209)	(312)
Income from rent concessions	-	(67)
Inventories written off	38	27
PPE written off	-	6
Provision for liquidated damages	-	783
Reversal of impairment losses on trade receivables	(66)	(1,382)
Share of results of an associate	(94)	(130)
Unrealised gain on foreign exchange	(223)	(136)
Operating profit/(loss) before working capital changes	206	(888)
Changes in working capital:		
Inventories	(504)	(416)
Receivables	2,214	(463)
Payables	2,786	1,105
Contract assets/liabilities	2,070	108
	6,566	334
Cash generated from/(used in) operations	6,772	(554)
Interest paid	(40)	(23)
Interest received	209	312
Tax paid	(933)	(729)
Payment of employee defined benefit	-	(6)
Exchange fluctuation adjustment	(431)	78
Net cash from/(used in) operating activities	5,577	(922)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾ (CONT'D)

	YEAR-TO-DATE	
	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000
Investing Activities		
Proceeds from disposal of other investment	325	-
Proceeds from disposal of PPE	2	30
Dividend received	3	1
Decrease/(Increase) in fixed deposit with a licensed bank with maturity more than 3 months	182	(4)
Purchase of PPE	(260)	(499)
Purchase of ROU assets	(87)	(29)
Purchase of other investment	(4,000)	-
Investment in an associate	-	(8,000)
Net cash used in investing activities	(3,835)	(8,501)
Financing Activities		
Payment of lease liabilities	(691)	(569)
Proceeds from issuance of ordinary shares	-	5,626
Increase in fixed deposits pledged	(8)	(8)
Net cash (used in)/from financing activities	(699)	5,049
Net increase/(decrease) in cash and cash equivalents	1,043	(4,374)
Effect of exchange translation differences on cash and cash equivalents	(7)	(16)
Cash and cash equivalents at the beginning of the financial year	21,529	25,919
Cash and cash equivalents at the end of the financial year	22,565	21,529
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	15,561	19,007
Fixed deposits with licensed banks	7,431	3,123
	22,992	22,130
Less: Fixed deposits pledged to licensed banks	(427)	(419)
Less: Fixed deposit with a licensed bank with maturity of more than 3 months	-	(182)
	22,565	21,529

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 DECEMBER 2022

A1. Basis of preparation

The interim financial report of Securemetric Berhad (“**SMB**” or “**the Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134 *Interim Financial Reporting* and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant accounting policies

The accounting policies adopted in the interim financial report are consistent with those as disclosed in the audited financial statements for the financial year ended 31 December 2021.

Unless otherwise described below, the Group has adopted those standards, amendments and interpretations that have become effective and such adoptions do not have material impact on the financial position and performance of the Group.

Standards issued but not yet effective

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group and for the Company:

		Effective dates for financial periods <u>beginning on or after</u>
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Significant accounting policies (Cont'd)

Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new standards and amendments to standards that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the Group and for the Company: (Cont'd)

		<u>Effective dates for financial periods beginning on or after</u>
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group and of the Company.

A3. Auditors' report

The auditors' report for the financial year ended 31 December 2021 was not subject to any qualifications.

A4. Seasonal or cyclical factors

The Group's revenue is subject to seasonality due to the annual budget cycles of certain of its customers.

The Group does not experience any cyclicity in its business because the digital security industry is not cyclical in nature. A cyclical industry is one which experiences predictable changes which recur over a period of several years.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date.

A6. Material changes in estimates

There were no material changes in the estimates in the current financial quarter under review.

A7. Debt and equity securities

There were no issuance or repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial quarter under review.

A8. Dividends paid

There was no dividend paid during the current financial quarter under review and financial year.

A9. Contingent liabilities or contingent assets

Contingent liabilities

	AS AT 31 December 2022 Unaudited RM'000	AS AT 31 December 2021 Audited RM'000
Secured		
Bank guarantees provided to customers to secure performance under contracts	<u>22</u>	<u>26</u>

There were no contingent assets as at the date of this interim financial report.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A11. Segmental reporting

The Group is principally involved in the provision of digital security solutions as well as trading of electronic identification products, and other related services.

(a) Revenue by business activities

The table below sets out the breakdown of the Group's revenue by business activities for the financial quarter/year ended 31 December 2022 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000
(a) Digital security solutions				
- Software licensing protection dongles	433	444	2,037	2,310
- 2FA	318	47	903	553
- PKI	2,732	4,696	11,297	10,542
- CENTAGATE®	1,075	826	2,750	1,872
Subtotal	4,558	6,013	16,987	15,277
(b) Electronic identification products	366	286	946	1,480
(c) Others*	4,177	2,215	11,952	9,598
Total Revenue	9,101	8,514	29,885	26,355

Note:

* Comprising mainly maintenance service charges.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A11. Segmental reporting (Cont'd)

(a) Revenue by business activities (Cont'd)

The main factors affecting the Group's revenue are as follows:

- (i) Rapid changes in technological development;
- (ii) Fluctuation in foreign currency exchange rates; and
- (iii) Ability to secure new projects and customers.

(b) Revenue by geographical regions

The table below sets out the breakdown of the Group's revenue by geographical regions for the financial quarter/year ended 31 December 2022 under review:

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000
Indonesia	1,124	2,357	6,210	7,538
Vietnam	1,813	2,726	5,857	6,312
Singapore	1,670	286	3,791	1,899
Philippines	2,001	1,102	5,554	4,023
Malaysia	1,464	955	5,226	3,142
United States of America	41	23	209	220
Others	988	1,065	3,038	3,221
Total Revenue	9,101	8,514	29,885	26,355

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A12. Valuation of property, plant and equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.

A13. Material events subsequent to the end of the current financial quarter

There were no material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A14. Significant related party transactions

There were no significant related party transactions in the current financial quarter under review.

A15. Capital commitments

There were no capital commitments in the current financial quarter under review.

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PART B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

The Group recorded a revenue of RM9.10 million and profit before tax of RM0.45 million for the current financial quarter ended 31 December 2022. Revenue was derived from the provision of digital security solutions as well as trading of electronic identification products, and other related services.

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		Variance	
	31 December 2022	30 September 2022	RM'000	%
Revenue	9,101	8,837	264	2.99
Profit before tax	447	1,229	(782)	(63.63)

The Group's revenue for the current financial quarter ended 31 December 2022 increased by RM0.26 million or 2.99% to RM9.10 million as compared to RM8.84 million in the preceding financial quarter ended 30 September 2022. The increase in revenue was mainly due to the increase in revenue from CENTAGATE® (amounting to RM0.34 million), electronic identification products (amounting to RM0.07 million) and others maintenance services (amounting to RM0.69 million). However, the increase was partially offset by the decrease in revenue from PKI (amounting to RM0.68 million), software licensing protection dongles (amounting to RM0.15 million) and 2FA (amounting to RM0.01 million)

The Group's profit before tax for the current financial quarter decreased by RM0.78 million or 63.63% to RM0.45 million as compared to a profit before tax of RM1.23 million in the preceding financial quarter. The lower profit before tax was mainly due to higher operating costs in the current financial quarter.

B3. Prospects

The Group remains agile in adapting to the new phase of "Living with COVID-19". As borders reopened and restrictions lifted, the Group is looking to continue its growth by expanding its business development sectors while managing existing and potential clients to increase its revenue, focus on improving efficiency and to implement cost control measures.

Meanwhile, the Group will continue to invest in research and development ("R&D") across all business segments to keep abreast with the latest technological advancement available in the digital security industry, while innovating and identifying new business models, solutions, and services across our business segments to maintain growth and sustainability.

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B3. Prospects (Cont'd)

There remain challenges in the domestic and global markets. However, the Company has put in place relevant mitigation measures and barring unforeseen circumstances, the Group is optimistic to deliver a reasonable performance for the financial year 2023.

B4. Profit forecast or profit guarantee

The Company did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Taxation

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000
Tax expenses recognised in profit or loss:				
- Income tax	<u>319</u>	<u>164</u>	<u>1,034</u>	<u>778</u>
Effective tax rate	71.36%	83.67%	138.79%	71.90%

- (a) The effective tax rate for current financial period-to-date and year-to-date were higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.
- (b) Tax expense is recognised based on management's best estimate.

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B6. Corporate proposal

(a) Status of corporate proposal

There were no corporate proposals announced as at the date of this interim financial report.

(b) Utilisation of proceeds

Utilisation of proceeds from initial public offering

In conjunction with the Company's listing on the ACE Market of Bursa Malaysia Securities Berhad on 13 November 2018, the gross proceeds from the initial public offering amounting to RM17.00 million had been fully utilised as at 30 September 2022.

Utilisation of proceeds from private placement exercise

On 25 June 2020, 48,730,000 new Securemetric Shares, which were issued at RM0.107 each, were listed on the ACE Market of Bursa Malaysia Securities Berhad pursuant to Securemetric's private placement exercise ("Private Placement I").

Proceeds raised from Private Placement I had been fully utilised as at 31 December 2021.

On 3 August 2021, 40,476,000 new Securemetric Shares, which were issued at RM0.139 each, were listed on the ACE Market of Bursa Malaysia Securities Berhad pursuant to Securemetric's private placement exercise ("Private Placement II").

The details of the utilisation of the proceeds from the Private Placement II were as follows:

Details of utilisation	Proposed utilisation	Amount utilised	Deviation: Surplus/ (Deficit)	Balance	Estimated timeframe for utilisation of proceeds
	RM'000	RM'000	RM'000	RM'000	
Working capital	2,951	(2,978)	27	-	Utilised
Certification costs	1,280	(38)	-	1,242	By August 2023
IT infrastructure	1,280	(467)	-	813	By August 2023
Expenses for Private Placement	115	(88)	(27) ⁽¹⁾	-	Utilised
Total	5,626	(3,571)	-	2,055	

Note:

(1) The excess of RM0.027 million will be utilised for general working capital requirements of the Group.

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B7. Borrowings

The Group's borrowings were as follows:

	AS AT	AS AT
	31 December	31 December
	2022	2021
	Unaudited	Audited
	RM'000	RM'000
<u>Current:</u>		
Lease liabilities	613	624
<u>Non-current:</u>		
Lease liabilities	332	731
Total borrowings	945	1,355

All the Group's borrowings are denominated in Ringgit Malaysia.

B8. Material litigation

There was no material litigation involving the Group as at 31 December 2022.

B9. Dividend declared

No dividend has been declared for the current quarter.

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B10. Earnings/(Loss) per share

The basic earnings/(loss) per share ("EPS"/"LPS") is calculated by dividing the consolidated profit/(loss) for the financial year attributable to owners of the Company by the weighted average number of ordinary shares of the Company during the financial quarter and year as follows:

		3-MONTH ENDED		YEAR-TO-DATE	
		31 December 2022 Unaudited	31 December 2021 Audited	31 December 2022 Unaudited	31 December 2021 Audited
Profit/(Loss) attributable to owners of the Company	(RM'000)	168	49	(1,708)	(1,846)
Weighted average number of ordinary shares					
Issued ordinary shares at 1 January	('000)	576,506	536,030	576,506	536,030
Effect of Private Placement ⁽²⁾	('000)	-	16,745	-	16,745
		<u>576,506</u>	<u>552,775</u>	<u>576,506</u>	<u>552,775</u>
Basic EPS/LPS	(sen)	<u>0.03</u>	<u>0.01</u>	<u>(0.30)</u>	<u>(0.33)</u>
Diluted EPS/LPS ⁽¹⁾	(sen)	<u>0.03</u>	<u>0.01</u>	<u>(0.30)</u>	<u>(0.33)</u>

Notes:

- (1) Diluted earnings/loss per share is equivalent to the basic earnings/loss per share as the Company has no dilution in its earnings/loss per ordinary share as the exercise price of the warrants has exceeded the average market price of ordinary shares during the financial quarter, the warrants do not have any dilutive effect on the weighted average number of ordinary shares.
- (2) On 3 August 2021, 40,476,000 new Securemetric Shares were listed on the ACE Market of Bursa Malaysia Securities Berhad at RM0.139 each pursuant to a private placement.

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

	3-MONTH ENDED		YEAR-TO-DATE	
	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000	31 December 2022 Unaudited RM'000	31 December 2021 Audited RM'000
Profit/(Loss) before tax is arrived at after charging/(crediting):				
Amortisation of development expenditure	-	121	-	483
Allowance for slow moving inventories	83	-	83	-
Depreciation of:				
- PPE	121	168	579	659
- ROU assets	190	188	761	652
Finance costs	8	11	40	23
PPE written off	-	6	-	6
Gain on disposal of PPE	-	-	(1)	(16)
Inventories written off	17	12	38	27
Impairment losses on trade receivables	17	49	46	55
Provision of liquidated damages	-	783	-	783
Unrealised (gain)/loss on foreign exchange	(83)	12	(223)	(136)
Realised loss/(gain) on foreign exchange	67	(6)	(55)	(37)
Reversal of impairment losses on trade receivables	(34)	(1,319)	(66)	(1,382)
Government grant income	-	(112)	-	(450)
Interest income	(45)	(55)	(209)	(312)
Dividend income	-	-	(3)	(1)
Income from rent concessions	-	(67)	-	(67)

Other disclosure items pursuant to Appendix 9B Note 16 of the Listing Requirements of Bursa Securities are not applicable.

BY ORDER OF THE BOARD

Company Secretary

Date: 28th February 2023