

ITMAX System Berhad

Registration No: 200101008580 (544336-M)
(Incorporated in Malaysia)

**Unaudited Condensed Consolidated
Interim Financial Report
for the Fourth Quarter Ended
31 December 2022**

ITMAX System Berhad

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Unaudited condensed consolidated statement of financial position as at 31 December 2022

	Unaudited As at 31 December 2022 RM'000	Audited As at 31 December 2021 RM'000
Assets		
Property, plant and equipment	127,315	95,170
Right-of-use assets	2,654	3,078
Intangible assets	3,842	971
Contract assets	134	192
Total non-current assets	133,945	99,411
Inventories	8,416	10,597
Contract assets	12,778	7,005
Contract costs	646	385
Trade and other receivables	18,304	15,363
Prepayments and other assets	244	368
Fixed deposits with licensed banks	6,993	6,844
Cash and cash equivalents	210,576	23,145
Total current assets	257,957	63,707
Total assets	391,902	163,118
Equity		
Share capital	258,983	1,000
Invested equity	-	3,000
Share option reserve	692	-
Merger reserve	(56,358)	-
Retained earnings	82,507	49,920
Total equity	285,824	53,920

Unaudited condensed consolidated statement of financial position as at 31 December 2022 (continued)

	Unaudited As at 31 December 2022 RM'000	Audited As at 31 December 2021 RM'000
Liabilities		
Loans and borrowings	56,482	55,239
Lease liabilities	1,526	2,417
Deferred tax liabilities	8,348	2,863
Total non-current liabilities	66,356	60,519
Loans and borrowings	18,954	19,814
Lease liabilities	1,234	772
Trade and other payables	15,753	26,105
Contract liabilities	22	19
Current tax liabilities	3,759	1,969
Total current liabilities	39,722	48,679
Total liabilities	106,078	109,198
Total equity and liabilities	391,902	163,118
Net assets per share attributable to owners of the Company (RM)	0.28 ⁽¹⁾	13.48 ⁽²⁾

⁽¹⁾ Net assets per share attributable to owners is calculated based on the number of ordinary shares in issue of 1,028,000,000 shares after the IPO.

⁽²⁾ Net assets per share attributable to owners is calculated based on the number of ordinary shares in issue 4,000,000 shares before the IPO.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 25 November 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the fourth quarter ended 31 December 2022

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Audited
Revenue	35,767	24,464	107,281	79,759
Cost of sales	(8,885)	(8,348)	(29,249)	(26,400)
Gross profit	26,882	16,116	78,032	53,359
Other income	172	311	582	537
Administrative expenses	(6,817)	(2,964)	(19,697)	(10,979)
Net reversal/(loss) on impairment of financial instrument	(370)	(1,121)	29	(1,123)
Results from operating activities	19,867	12,342	58,946	41,794
Finance income	144	76	235	205
Finance costs	(1,159)	(540)	(2,864)	(1,063)
Profit before tax	18,852	11,878	56,317	40,936
Tax expense	(6,017)	(4,603)	(15,730)	(11,699)
Profit and total comprehensive income for the financial period	12,835	7,275	40,587	29,237
Earnings per ordinary share (sen) ⁽¹⁾				
- Basic earnings per ordinary shares (sen)	1.84	181.88	23.00	730.93
- Diluted earnings per ordinary shares (sen)	1.78	181.88	20.15	730.93

⁽¹⁾ Earnings per ordinary share is calculated based on the weighted average number of ordinary shares as referred in Note B10.

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 25 November 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of changes in equity for the year ended 31 December 2022

	← Attributable to owners of the Company →					Total RM'000
	Share capital RM'000	Share option reserve RM'000	Invested equity ⁽¹⁾ RM'000	Merger reserve RM'000	Distributable Retained earnings RM'000	
Audited						
At 1 January 2021	1,000	-	3,000	-	26,683	30,683
Profit and total comprehensive income for the financial year	-	-	-	-	29,237	29,237
Dividend paid	-	-	-	-	(6,000)	(6,000)
At 31 December 2021	1,000	-	3,000	-	49,920	53,920
Unaudited						
At 1 January 2022	1,000	-	3,000	-	49,920	53,920
Effect of restructuring ⁽²⁾	59,358	-	(3,000)	(56,358)	-	-
New shares issued by the Company for the Public Issue ⁽³⁾	203,892	-	-	-	-	203,892
New share issuance expenses for the Public Issue ^{(4)t}	(5,267)	-	-	-	-	(5,267)
Share-based payment transaction ⁽⁵⁾	-	692	-	-	-	692
Profit and total comprehensive income for the financial year	-	-	-	-	40,587	40,587
Dividend paid	-	-	-	-	(8,000)	(8,000)
At 31 December 2022	258,983	692	-	(56,358)	82,507	285,824

⁽¹⁾ This represents the aggregate of the share capital of the Company's combining entity namely Sena Traffic Systems Sdn. Bhd.

⁽²⁾ The effect of restructuring arose from the restructuring exercise undertaken by the Company in conjunction with the listing of and quotation for the Company's shares on the Main Market of Bursa Malaysia Securities Berhad ("IPO").

⁽³⁾ Issuance of new shares pursuant to the IPO.

⁽⁴⁾ Listing expenses incurred pursuant to the IPO that has been set-off against equity.

⁽⁵⁾ Share option granted to eligible staff.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 25 November 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of cash flows for the year ended 31 December 2022

	Cumulative quarter ended 31 December	
	2022	2021
	RM'000	RM'000
	Unaudited	Audited
Cash flows from operating activities		
Profit before tax	56,317	40,936
<i>Adjustments for:</i>		
IPO expenses	3,927	-
Depreciation of plant and equipment	8,978	4,476
Depreciation of right-of-use assets	839	842
Depreciation of intangible asset	866	735
Gain on disposal of plant and equipment	-	(10)
Gain on lease modification	(20)	(3)
Income from rental concession	-	(38)
Unrealised foreign exchange loss/(gain)	163	(14)
Net (reversal)/loss on impairment loss of financial instruments and contract assets	(29)	1,123
Share-based payment	692	-
Finance income	(235)	(205)
Finance costs	2,864	1,063
Operating profit before working capital changes	74,362	48,905
Changes in working capital:		
Inventories	2,181	790
Contract assets	(5,715)	(3,617)
Contract costs	(261)	2,970
Trade and other receivables	(2,912)	1,915
Prepayments and other assets	124	4,440
Trade and other payables	(10,538)	(11,259)
Contract liabilities	3	6
Cash generated from operations	57,244	44,150
Interest received	183	205
Tax paid	(8,454)	(6,071)
Net cash from operating activities	48,973	38,284
Cash flows from investing activities		
Acquisition of plant and equipment	(39,013)	(49,178)
Acquisition of intangible assets	(3,737)	(679)
Proceeds from disposal of plant and equipment	-	10
Interest received from money market	52	-
Change in pledged deposits	(149)	(5,297)
Net cash used in investing activities	(42,847)	(55,144)

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Unaudited condensed consolidated statement of cash flows for the year ended 31 December 2022 (continued)

	Cumulative quarter ended 31 December	
	2022 RM'000 Unaudited	2021 RM'000 Audited
Cash flows from financing activities		
Proceeds from issuance of shares	203,892	-
Payment of IPO expenses	(9,194)	-
Drawdown of loans and borrowings	21,415	37,990
Repayment of loans and borrowings	(22,974)	(9,632)
Drawdown of revolving credits	259	7,424
Drawdown of invoice financing	1,920	-
Repayment of invoice financing	(1,920)	-
Repayment hire purchase liabilities	(426)	(284)
Repayment of lease liabilities	(803)	(750)
Dividends paid to Owners of the Company	(8,000)	(6,000)
Interest paid	(2,864)	(1,063)
Net cash generated from financing activities	<u>181,305</u>	<u>27,685</u>
Net change in cash and cash equivalents	187,431	10,825
Cash and cash equivalents at the beginning of financial period	<u>23,145</u>	<u>12,320</u>
Cash and cash equivalents at the end of financial period	<u><u>210,576</u></u>	<u><u>23,145</u></u>

(i) **Cash and cash equivalents**

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following consolidated statement of financial position amounts:

	Cumulative quarter ended 31 December	
	2022 RM'000 Unaudited	2021 RM'000 Audited
Deposits with licensed banks ⁽¹⁾	123,227	10,255
Cash and bank balances	54,297	12,890
Money market instrument ⁽²⁾	<u>33,052</u>	<u>-</u>
Cash and cash equivalents	<u><u>210,576</u></u>	<u><u>23,145</u></u>

⁽¹⁾ The deposits with licensed banks have an average maturity period of one month to three months (2021: one month to three months).

⁽²⁾ The money market instrument has an overnight maturity period.

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Unaudited condensed consolidated statement of cash flows for the year ended 31 December 2022 (continued)

(ii) Acquisition of plant and equipment

During the financial year, the Group acquired plant and equipment as follows:

	Cumulative quarter ended 31 December	
	2022 RM'000 Unaudited	2021 RM'000 Audited
Paid in cash	39,013	49,178
In the form of hire purchase arrangement	590	294
	<u>39,603</u>	<u>49,472</u>

(iii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Invoice financing RM'000	Revolving credit RM'000	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
Audited						
At 1 January 2021	-	-	36,692	846	3,181	40,719
Net changes from						
financing cash flows	-	7,424	27,509	(325)	(923)	33,685
Interest	-	-	849	41	173	1,063
Borrowing cost capitalised	-	99	1,624	-	-	1,723
Addition	-	-	-	294	865	1,159
Derecognition	-	-	-	-	(69)	(69)
Other changes	-	-	-	-	(38)	(38)
At 31 December 2021	<u>-</u>	<u>7,523</u>	<u>66,674</u>	<u>856</u>	<u>3,189</u>	<u>78,242</u>

	Invoice financing RM'000	Revolving credit RM'000	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
Unaudited						
At 1 January 2022	-	7,523	66,674	856	3,189	78,242
Net changes from						
financing cash flows	-	(7,971)	4,002	(466)	(958)	(5,393)
Interest	-	112	2,557	40	155	2,864
Borrowing cost capitalised	-	336	1,183	-	-	1,519
Addition	-	-	-	590	402	992
Derecognition	-	-	-	-	(28)	(28)
At 31 December 2022	<u>-</u>	<u>-</u>	<u>74,416</u>	<u>1,020</u>	<u>2,760</u>	<u>78,196</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the prospectus of the Company dated 25 November 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting*, and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

With the context of this condensed consolidated interim financial report for the fourth quarter ended 31 December 2022, comprises the Company and its subsidiary, Sena Traffic Systems Sdn. Bhd.

Subsidiaries are entities, including structured entities, controlled by the Company. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial year ended 31 December 2021 was prepared in a manner as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative year presented or, if later, at the date that common control was established.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial information of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The condensed consolidated interim financial report should be read in conjunction with the Audited Combined Financial Statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the condensed consolidated interim financial report. The explanatory notes attached to the condensed consolidated interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

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A2. Significant accounting policies

Except as described below, the same accounting policies and methods of computation are followed in this condensed consolidated interim financial report as compared with the audited combined financial statements for the financial year ended 31 December 2021.

As of 1 January 2022, the Group has adopted the following amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2022.

- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*.
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*.
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018-2020)*.
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*.
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract*.

The adoption of the above pronouncements did not have any material impact to the condensed consolidated interim financial report of the Group.

A3. Auditors' report

The audited financial statements for the financial year ended 31 December 2021 was unqualified.

A4. Seasonal or cyclical factors

The nature of the Group's business was not subject to any significant seasonal and cyclical factors.

A5. Exceptional items

There were no material exceptional items during the cumulative quarter ended 31 December 2022, except for expenses in relation to the Initial Public Offering of the Company's shares on the Main Market of Bursa Malaysia amounting to RM3.9 million that was charged out to the profit or loss.

A6. Material changes in accounting estimates

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

A7. Material events subsequent to the statement of financial position date

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

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A8. Material changes in the composition of the Group

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

A9. Capital commitments

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

A10. Dividends paid

A first single-tier interim dividend of RM6.00 per ordinary share amounting to RM6,000,000 was declared on 25 November 2021 and paid on 27 December 2021, in respect of financial year ended 31 December 2021; and

A second single-tier interim dividend of RM8.00 per ordinary share amounting to RM8,000,000 was declared on 3 January 2022 and paid on 4 January 2022, in respect of financial year ended 31 December 2021.

There were no dividends paid during the current financial quarter under review.

A11. Operating segments

Operating segments are components in which separate financial information is available that is evaluated by the Managing Director and Chief Executive Office in deciding how to allocate resources and in assessing performance of the Group. As the businesses within the Group are inter-related, the Group considers itself to be operating in a single segment.

All the Group's operations and its revenue are carried out and derived in Malaysia.

The single segment profit results are disclosed in Note B1(a).

A12. Contingencies

There were no contingent assets and contingent liabilities as at the date of this condensed consolidated interim financial report.

A13. Fixed deposits with licensed banks

The fixed deposits with licensed banks relates to deposits pledged for loan facilities.

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A14. Related party transactions

Identity of related parties

For the purposes of this condensed consolidated interim financial report, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

Related parties also include companies in which certain Directors have substantial financial interest.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group are shown below.

	Individual quarter ended		Cumulative quarter	
	31 December		ended 31 December	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Audited
Companies in which a director has financial interests				
Rental income	63	63	252	252
Purchases	-	(107)	(160)	(119)
Revenue	241	100	598	115
Lease expenses	(83)	(42)	(326)	(204)

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A15. Fair value information

The carrying amounts of fixed deposits with a licensed bank, cash and cash equivalents, short term receivables and payables and loans and borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 3 RM'000	RM'000	RM'000
Unaudited 31.12.2022			
Financial liabilities			
Hire purchase liabilities	1,012	1,012	1,020

	Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 3 RM'000	RM'000	RM'000
Audited 31.12.2021			
Financial liabilities			
Hire purchase liabilities	849	849	856

Level 3 fair value

Level 3 fair value is estimated using inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs). The fair value within Level 3 of the hire purchase liabilities is determined by using estimated future cash flows discounted using market related rate for a similar instrument at the reporting date. The interest rate used to discount the estimated cash flows for the hire purchase liabilities is 2.07 – 3.28% (2021: 2.07 – 3.28%) per annum.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of financial performance

(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Current financial quarter against corresponding financial quarter

	Unaudited Individual quarter ended 31 December		Variance %
	2022	2021	
	RM'000	RM'000	
Revenue	35,767	24,464	46.20
Profit before tax ("PBT")	<u>18,852</u>	<u>11,878</u>	58.71

The Group reported revenue of RM35.77 million for the current financial quarter under review. This represents an increase in revenue of approximately 46.20% against the corresponding financial quarter where revenue amounted to approximately RM24.46 million.

The increase in revenue was due to an increase in video surveillance and analytics services and telecommunication and network infrastructure services offset by a decrease in supply, installation and maintenance services and trading revenue as detailed below:

	Unaudited Individual quarter ended 31 December		Variance %
	2022	2021	
	RM'000	RM'000	
Revenue			
- Video surveillance and analytics services	25,334	10,297	146.03
- Telecommunication and network infrastructure services	644	517	24.56
- Supply, installation and maintenance services	9,590	13,421	(28.54)
- Trading revenue	199	229	(13.10)
	<u>35,767</u>	<u>24,464</u>	

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B1. Review of financial performance (continued)

(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

Current financial quarter against corresponding financial quarter (continued)

The Group's revenue and PBT for the current financial quarter under review increased by 46.20% and 58.71% (from RM11.88 million to RM18.85 million) respectively as compared to the corresponding financial quarter.

The increase in PBT was mainly due to the increase in revenue as the Group had completed the installation and commissioning of video surveillance facilities for several contracts. As a result, the Group has started to earn additional revenue from these contracts during the quarter which has contributed to the increase in the Group's PBT.

Current financial period against corresponding financial period

	Cumulative quarter ended 31 December		Variance
	2022	2021	%
	RM'000	RM'000	
	Unaudited	Audited	
Revenue	107,281	79,759	34.51
PBT	56,317	40,936	37.57

The Group reported revenue of RM107.28 million for the current financial period, as compared to RM79.76 million in the corresponding financial period, representing an increase of RM27.52 million or 34.51%.

The increase in revenue was attributed to the increase in all revenue services except for the supply, installation and maintenance services which is detailed below:

	Cumulative quarter ended 31 December		Variance
	2022	2021	%
	RM'000	RM'000	
	Unaudited	Audited	
Revenue			
- Video surveillance and analytics services	71,474	32,135	122.42
- Telecommunication and network infrastructure services	2,355	2,079	13.28
- Supply, installation and maintenance services	31,721	44,494	(28.71)
- Trading revenue	1,731	1,051	64.70
	107,281	79,759	

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B1. Review of financial performance (continued)

(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

The increase in Group's PBT for the current period was consistent with the increase in revenue as the Group had completed the installation and commissioning of video surveillance facilities for several contracts. As a result, the Group has started to earn additional revenue from these contracts during the period which has contributed to the increase in the Group's PBT.

B2. Variation of results against immediate preceding financial quarter

	Unaudited Individual quarter ended		Variance %
	31 December 2022 RM'000	30 September 2022 RM'000	
Revenue	35,767	30,775	16.22
PBT	18,852	16,618	13.44

The Group's revenue increased from RM30.78 million to RM35.76 million, which was an increase of 16.22% and the Group's PBT increased from RM16.62 million to RM18.85 million, which was an increase of 13.44%.

The increase in Group's revenue and PBT for the current period was mainly due to the increase in revenue from video surveillance and analytics services.

B3. Commentary on 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 service offerings and expanding into other geographical territories and segments.

While the Group continues to deliver on its ongoing project and plots its mid and long term growth, the resurgence of the COVID-19 infection, inflationary pressure amid rising food and energy prices and disrupted supply chains following the Russia-Ukraine war remain as threats to the local and global economy.

Nevertheless, the Board of Directors is cautiously optimistic that the Group's future prospects remain favourable.

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B4. Profit forecast

Not applicable as the Group does not publish any profit forecast.

B5. Tax expense

Tax expense comprises the following:

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2022 Unaudited RM'000	2021 Unaudited RM'000	2022 Unaudited RM'000	2021 Audited RM'000
<i>Recognised in profit or loss</i>				
Current tax expense				
Current financial period	3,953	3,731	10,245	9,470
Deferred tax expense				
Current financial period	2,064	872	5,485	2,229
	<u>6,017</u>	<u>4,603</u>	<u>15,730</u>	<u>11,699</u>
Effective tax rate	31.92%	38.76%	27.93%	28.58%

The overall effective tax rates of 31.92% for individual and 27.93% for cumulative quarter ended 31 December 2022 were higher than the statutory tax rate of 24% mainly due to the IPO expenses of approximate RM3.9 million which are non-deductible expenses.

B6. Status of corporate proposals announced but not completed

There are no corporate proposals announced but not completed for the current financial quarter under review.

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B7. Loans and borrowings

Particulars of the Group's loans and borrowings are as follows:

	Note	Unaudited As at 31 December 2022 RM'000	Audited As at 31 December 2021 RM'000
Non-current			
Term loans – secured	B7.1	55,844	54,674
Hire purchase liabilities	B7.2	638	565
		<u>56,482</u>	<u>55,239</u>
Current			
Term loans – secured	B7.1	18,572	12,000
Revolving credit	B7.1	-	7,523
Hire purchase liabilities	B7.2	382	291
		<u>18,954</u>	<u>19,814</u>
		<u>75,436</u>	<u>75,053</u>

B7.1 Term loans, revolving credit and hire purchase liabilities

The term loans, revolving credit and hire purchase liabilities are secured by:

- Guarantees executed by a related party/ultimate holding company⁽¹⁾.
- Joint and several guarantee executed by the Directors of the Group⁽¹⁾.
- Fixed deposits with licensed banks.

⁽¹⁾ The joint and several guarantees by Directors and a related party, for the term loans were uplifted on 2 November 2022 and the joint and several guarantee by a Director for the revolving credit and hire purchases liabilities were uplifted on 7 November 2022.

B7.2 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Unaudited 31.12.2022			
Less than one year	421	39	382
Between one to five years	683	45	638
	<u>1,104</u>	<u>84</u>	<u>1,020</u>

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B7. Loans and borrowings (continued)

B7.2 Hire purchase liabilities (continued)

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Audited 31.12.2021			
Less than one year	325	33	291
Between one to five years	598	33	565
	923	66	856

B8. Material litigation

There are no material litigations as at the date of this report.

B9. Dividends

The Board of Directors has recommended an interim single tier tax-exempt dividend of 0.8 sen per share in respect of financial year ended 31 December 2022. The entitlement date is fixed on 14 March 2023 and payment will be made on 24 March 2023. The total dividends declared to date for the financial year ended 31 December 2022 is 0.8 sen per ordinary share.

Total dividend declared in respect of the corresponded financial year ended 31 December 2021 as detailed below.

	RM'000	Date of Payment
A first single tier interim tax-exempt dividend of 600 sen per share declared on 25 November 2021 ⁽¹⁾	6,000	27 December 2021
A second single tier interim tax-exempt dividend of 800 sen per share declared on 3 January 2022 ⁽¹⁾	8,000	4 January 2022

⁽¹⁾ Based on the Company issued share capital of 1,000,000 ordinary share before restructuring and IPO.

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B10. Earnings per ordinary share

The calculation of earnings per ordinary share at 31 December 2022 and 31 December 2021, was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Audited
Profit for the financial period attributable to owners of the Company (RM'000)	<u>12,835</u>	<u>7,275</u>	<u>40,587</u>	<u>29,237</u>
Basic earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	697,035 ⁽ⁱ⁾	4,000 ⁽ⁱⁱ⁾	176,439 ⁽ⁱ⁾	4,000 ⁽ⁱⁱ⁾
Basic earnings per ordinary share (sen)	<u>1.84</u>	<u>181.88</u>	<u>23.00</u>	<u>730.93</u>
Diluted earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	697,035 ⁽ⁱ⁾	4,000 ⁽ⁱⁱ⁾	176,439 ⁽ⁱ⁾	4,000 ⁽ⁱⁱ⁾
Effective of dilution arising from exercising of all employee share option scheme ('000)	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Adjusted weighted average number of ordinary shares ('000)	<u>722,035⁽ⁱⁱⁱ⁾</u>	<u>4,000</u>	<u>201,439⁽ⁱⁱⁱ⁾</u>	<u>4,000</u>
Diluted earnings per ordinary share (sen)	<u>1.78</u>	<u>181.88</u>	<u>20.15</u>	<u>730.93</u>

(i) Based on weighted average number of issued share capital of 837,446,400 ordinary shares after the restructuring but before the IPO and 1,028,000,000 ordinary shares after the completion of the IPO.

(ii) Based on weighted average number of issued share capital of 4,000,000 ordinary shares before restructuring and IPO.

(iii) Effect of dilution includes the effect of the employee share option which were granted with a quotation of 25,000,000 ordinary shares on 13 December 2022. As of the date of this report, no share options have been exercised.

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B11. Profit before tax

	Individual quarter ended 31 December		Cumulative quarter ended 31 December	
	2022 RM'000 Unaudited	2021 RM'000 Unaudited	2022 RM'000 Unaudited	2021 RM'000 Audited
<i>Material expenses</i>				
Depreciation of plant and equipment	3,029	1,458	8,978	4,476
Depreciation of right-of-use assets	193	225	839	842
Amortisation of intangible assets	232	193	866	735
Personnel expenses (including key management personnel):				
- Contributions to state plans	211	141	958	555
- Wages, salaries and others	3,308	1,547	9,005	6,426
- Employee share option scheme	692	-	692	-
IPO expenses	1,552	-	3,927	-
Realised foreign exchange loss	178	14	263	16
Unrealised foreign exchange loss	(598)	(115)	163	(14)
Net (reversal)/loss on impairment of financial instruments and contract assets				
Financial assets at amortised cost	(5)	36	(29)	41
Contract assets	-	1,082	-	1,082
	<u>(5)</u>	<u>1,118</u>	<u>(29)</u>	<u>1,123</u>

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B12. Utilisation of proceeds

The status on the utilisation of proceeds from the IPO of RM203.89 million is as follows:

Details of use of proceeds	Intended timeframe for utilisation upon listing	Proposed utilisation		Amount utilised as at the date of this report		Deviation	
		RM'000	%	RM'000	%	RM'000	%
Smart city application expansion to other local governments, federal ministries, and existing customers	Within 36 months	85,000	41.7	-	-	-(1)	-
Expansion of R&D capabilities	Within 36 months	12,500	6.1	-	-	-(1)	-
Expansion into enterprise market	Within 36 months	20,000	9.8	-	-	-(1)	-
Network and telecommunication infrastructure expansion	Within 36 months	39,500	19.4	-	-	-(1)	-
Working capital	Within 12 months	29,078	14.3	-	-	-(1)	-
Repayment of borrowings	Within 6 months	8,000	3.9	5,572	69.65	(2,428) ⁽²⁾	(30.35)
Estimated listing expenses	Within 6 months	9,814	4.8	7,609	77.53	(2,208) ⁽³⁾	(22.50)
	Total	203,892	100.0	13,181	6.46	(4,636)	(26.02)

The utilization of the proceeds as disclosed above should be read in conjunction with the Prospectus.

- (1) *The allocated IPO proceeds for smart city application expansion to other local governments, federal ministries, and existing customers, expansion of R&D capabilities, expansion into enterprise market, network and telecommunication infrastructure expansion and working capital have not been fully utilized as at the date of this report.*
- (2) *The repayment of borrowings are lower than estimated, the excess will be utilized as working capital.*
- (3) *The estimated listing expenses have been settled subsequent to 31 December 2022.*