

**ITMAX System Berhad**

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

**Unaudited Condensed Consolidated  
Interim Financial Report  
for the Second Quarter Ended  
30 June 2023**

# ITMAX System Berhad

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

## Unaudited condensed consolidated statement of financial position as at 30 June 2023

	<b>Unaudited As at 30 June 2023 RM'000</b>	<b>Audited As at 31 December 2022 RM'000</b>
<b>Assets</b>		
Plant and equipment	126,013	127,315
Right-of-use assets	3,326	2,654
Intangible assets	4,515	3,842
Contract assets	105	134
<b>Total non-current assets</b>	<u>133,959</u>	<u>133,945</u>
Inventories	11,904	8,416
Contract assets	28,137	12,778
Contract costs	1,306	646
Trade and other receivables	27,051	18,304
Prepayments and other assets	901	244
Fixed deposits with licensed banks	9,827	10,702
Cash and cash equivalents	194,967	206,867
<b>Total current assets</b>	<u>274,093</u>	<u>257,957</u>
<b>Total assets</b>	<u>408,052</u>	<u>391,902</u>
<b>Equity</b>		
Share capital	259,051	258,983
Share option reserve	1,882	692
Merger reserve	(56,358)	(56,358)
Retained earnings	104,587	82,507
Non-controlling interest	(5)	-
<b>Total equity</b>	<u>309,157</u>	<u>285,824</u>

## Unaudited condensed consolidated statement of financial position as at 30 June 2023 (continued)

	Unaudited As at 30 June 2023 RM'000	Audited As at 31 December 2022 RM'000
<b>Liabilities</b>		
Loans and borrowings	47,188	56,482
Lease liabilities	2,635	1,526
Deferred tax liabilities	8,553	8,348
<b>Total non-current liabilities</b>	58,376	66,356
Loans and borrowings	19,083	18,954
Lease liabilities	789	1,234
Trade and other payables	13,121	15,753
Contract liabilities	22	22
Current tax liabilities	7,504	3,759
<b>Total current liabilities</b>	40,519	39,722
<b>Total liabilities</b>	98,895	106,078
<b>Total equity and liabilities</b>	408,052	391,902
<b>Net assets per share attributable to owners of the Company (RM)</b>	0.30 <sup>(1)</sup>	0.28 <sup>(2)</sup>

<sup>(1)</sup> Net assets per share attributable to owners is calculated based on the total number of ordinary shares in issue of 1,028,183,000 shares.

<sup>(2)</sup> Net assets per share attributable to owners is calculated based on the number of ordinary shares in issue of 1,028,000,000 shares as of 31 December 2022.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

## ITMAX System Berhad

Registration No: 200101008580 (544336-M)  
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### Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the second quarter ended 30 June 2023

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited	2023 RM'000 Unaudited	2022 RM'000 Unaudited
Revenue	33,354	21,484	68,033	40,740
Cost of sales	(9,119)	(5,196)	(18,263)	(11,780)
<b>Gross profit</b>	<b>24,235</b>	<b>16,288</b>	<b>49,770</b>	<b>28,960</b>
Other income	44	205	166	347
Administrative expenses	(5,955)	(4,767)	(12,292)	(7,802)
Net reversal/(loss) on impairment of financial instrument	-	398	(10)	398
<b>Results from operating activities</b>	<b>18,324</b>	<b>12,124</b>	<b>37,634</b>	<b>21,903</b>
Finance income	1,805	74	3,818	78
Finance costs	(1,294)	(554)	(2,339)	(1,133)
<b>Profit before tax</b>	<b>18,835</b>	<b>11,644</b>	<b>39,113</b>	<b>20,848</b>
Tax expense	(3,718)	(2,866)	(8,813)	(5,394)
<b>Profit and total comprehensive income for the financial period</b>	<b>15,117</b>	<b>8,778</b>	<b>30,300</b>	<b>15,454</b>
<b>Profit and total comprehensive income attributable to:</b>				
Owners of the Company	15,122	8,778	30,305	15,454
Non-controlling interests	(5)	-	(5)	-
<b>Profit and total comprehensive income for the financial period</b>	<b>15,117</b>	<b>8,778</b>	<b>30,300</b>	<b>15,454</b>
<b>Earnings per ordinary share (sen) <sup>(1)</sup></b>				
- Basic earnings per ordinary shares (sen)	1.47	219.45	2.95	386.35
- Diluted earnings per ordinary shares (sen)	1.44	219.45	2.88	386.35

<sup>(1)</sup> 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 Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

## ITMAX System Berhad

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### Unaudited condensed consolidated statement of changes in equity for the period ended 30 June 2023

	← Attributable to owners of the Company →					Total RM'000	Non- controlling interest RM'000	Total RM'000
	Share capital RM'000	Share option reserve RM'000	Invested equity <sup>(1)</sup> RM'000	Merger reserve RM'000	Retained earnings RM'000			
<b>Unaudited</b>								
<b>At 1 January 2022</b>	1,000	-	3,000	-	49,920	53,920	-	53,920
Profit and total comprehensive income for the financial period	-	-	-	-	15,454	15,454	-	15,454
Dividend paid	-	-	-	-	(8,000)	(8,000)	-	(8,000)
<b>At 30 June 2022</b>	1,000	-	3,000	-	57,374	61,374	-	61,374
<b>Unaudited</b>								
<b>At 1 January 2023</b>	258,983	692	-	(56,358)	82,507	285,824	-	285,824
Issued of new share <sup>(2)</sup>	196	-	-	-	-	196	-	196
Share issuance expenses <sup>(3)</sup>	(128)	-	-	-	-	(128)	-	(128)
Share-based payment transaction <sup>(4)</sup>	-	1,190	-	-	-	1,190	-	1,190
Profit and total comprehensive income for the financial period	-	-	-	-	30,305	30,305	(5)	30,300
Dividend paid	-	-	-	-	(8,225)	(8,225)	-	(8,225)
<b>At 30 June 2023</b>	259,051	1,882	-	(56,358)	104,587	309,162	(5)	309,157

<sup>(1)</sup> This represents the aggregate of the share capital of the Company's combining entity namely Sena Traffic Systems Sdn. Bhd. prior to the acquisition.

<sup>(2)</sup> Issuance of new shares in relation to exercise employee share option scheme.

<sup>(3)</sup> Listing expenses incurred pursuant to the Initial Public Offering ("IPO") that has been set-off against equity.

<sup>(4)</sup> Share option granted to eligible staff.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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### Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2023

	Cumulative quarter ended 30 June	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited
<b>Cash flows from operating activities</b>		
Profit before tax	39,113	20,848
<i>Adjustments for:</i>		
IPO expenses	749	-
Depreciation of plant and equipment	6,110	3,374
Depreciation of right-of-use assets	466	431
Depreciation of intangible assets	523	411
Gain on lease modification	(28)	(5)
Plant and equipment written off	3	-
Goodwill written off	5	-
Income from rental concession	(6)	-
Unrealised foreign exchange loss	60	454
Net loss/(reversal) on impairment loss of financial instruments and contract assets	10	(398)
Share-based payment	1,190	-
Finance income	(3,818)	(78)
Finance costs	2,339	1,133
<b>Operating profit before working capital changes</b>	46,716	26,170
Changes in working capital:		
Inventories	(3,488)	1,221
Contract assets	(15,330)	(2,585)
Contract costs	(660)	(468)
Trade and other receivables	(8,757)	(11,172)
Prepayments and other assets	(657)	(173)
Trade and other payables	(2,698)	(6,407)
Contract liabilities	-	3
<b>Cash generated from operations</b>	15,126	6,589
Interest received	2,363	78
Tax paid	(4,863)	(4,138)
<b>Net cash from operating activities</b>	12,626	2,529
<b>Cash flows from investing activities</b>		
Acquisition of plant and equipment	(4,758)	(23,016)
Acquisition of intangible assets	(1,196)	(385)
Interest received from money market	1,455	-
Change in pledged deposits	875	(118)
<b>Net cash used in investing activities</b>	(3,624)	(23,519)

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## Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2023 (continued)

	Cumulative quarter ended 30 June	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited
<b>Cash flows from financing activities</b>		
Proceeds from issuance of shares	196	-
Payment of IPO expenses	(877)	-
Drawdown of loans and borrowings	-	21,205
Repayment of loans and borrowings	(9,021)	(5,445)
Drawdown of revolving credits	-	470
Drawdown of invoice financing	-	1,920
Repayment hire purchase liabilities	(196)	(209)
Payment of lease liabilities	(440)	(406)
Dividends paid to Owners of the Company	(8,225)	(8,000)
Interest paid	(2,339)	(1,133)
<b>Net cash (used in)/generated from financing activities</b>	<u>(20,902)</u>	<u>8,402</u>
<b>Net change in cash and cash equivalents</b>	(11,900)	(12,588)
Cash and cash equivalents at the beginning of financial period	<u>206,867</u>	<u>23,145</u>
<b>Cash and cash equivalents at the end of financial period</b>	<u>194,967</u>	<u>10,557</u>

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## Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2023 (continued)

### (i) Acquisition of plant and equipment

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

	Cumulative quarter ended 30 June	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited
Paid in cash	4,758	23,016
In the form of hire purchase arrangement	52	153
	<u>4,810</u>	<u>23,169</u>

### (ii) 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
<b>Unaudited</b>						
At 1 January 2022	-	7,523	66,674	856	3,189	78,242
Net changes from						
financing cash flows	1,920	259	14,939	(232)	(484)	16,402
Interest	-	211	821	23	78	1,133
Borrowing cost capitalised	-	-	901	-	-	901
Addition	-	-	-	153	163	316
Other changes	-	-	-	-	(71)	(71)
At 30 June 2022	<u>1,920</u>	<u>7,993</u>	<u>83,335</u>	<u>800</u>	<u>2,875</u>	<u>96,923</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
<b>Unaudited</b>						
At 1 January 2023	-	-	74,416	1,020	2,760	78,196
Net changes from						
financing cash flows	-	-	(11,251)	(218)	(527)	(11,996)
Interest	-	-	2,230	22	87	2,339
Addition	-	-	-	52	1,599	1,651
Derecognition	-	-	-	-	(489)	(489)
Other changes	-	-	-	-	(6)	(6)
At 30 June 2023	<u>-</u>	<u>-</u>	<u>65,395</u>	<u>876</u>	<u>3,424</u>	<u>69,695</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 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 Standard (“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 second quarter ended 30 June 2023, the Group comprises of the Company and its subsidiaries, Sena Traffic Systems Sdn Bhd, Southmax Sdn Bhd (formerly known as Kontrek Wiramas Sdn Bhd), ITMAX Green Sdn Bhd and ITMAX Solutions 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 condensed consolidated interim financial report of the Group for the financial period ended 30 June 2022 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 period 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 Financial Statements for the financial year ended 31 December 2022 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 2022.

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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 financial statements for the financial year ended 31 December 2022.

As of 1 January 2023, the Group has adopted the following amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2023.

- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model- Rules*

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 2022 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 30 June 2023.

## **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.

## **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 except for incorporation of two new subsidiaries, ITMAX Green Sdn Bhd and ITMAX Solutions Sdn Bhd.

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## **A9. Capital commitments**

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

## **A10. Dividends paid**

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.

A single-tier interim dividend of RM0.008 per ordinary share amounting to RM8,225,304 was declared on 27 February 2023 and paid on 24 March 2023, in respect of financial year ended 31 December 2022.

## **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 30 June		Cumulative quarter ended 30 June	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited	2023 RM'000 Unaudited	2022 RM'000 Unaudited
<b>Companies in which a director has financial interests</b>				
Rental income	75	63	138	126
Purchases	-	(33)	-	(149)
Revenue	44	-	67	357
Lease expenses	(99)	(81)	(180)	(162)

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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.

	<b>Fair value of financial instruments not carried at fair value</b>	<b>Total fair value</b>	<b>Carrying amount</b>
	<b>Level 3 RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Unaudited 30.06.2023</b>			
<b>Financial liabilities</b>			
Hire purchase liabilities	870	870	876
Loans and borrowings	65,395	65,395	65,395
	66,265	66,265	66,271

	<b>Fair value of financial instruments not carried at fair value</b>	<b>Total fair value</b>	<b>Carrying amount</b>
	<b>Level 3 RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Audited 31.12.2022</b>			
<b>Financial liabilities</b>			
Hire purchase liabilities	1,013	1,013	1,020
Loans and borrowings	74,416	74,416	74,416
	75,429	75,429	75,436

### 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% (2022: 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

	Individual quarter ended 30 June		Variance %
	2023 RM'000	2022 RM'000	
Revenue	33,354	21,484	55.25
Profit before tax ("PBT")	<u>18,835</u>	<u>11,644</u>	61.76

The Group reported revenue of RM33.35 million for the current financial quarter under review. This represents an increase in revenue of approximately 55.25% against the corresponding financial quarter where revenue amounted to approximately RM21.48 million.

The increase in revenue was attributed to the increase in all revenue services except for trading revenue, as detailed below:

	Individual quarter ended 30 June		Variance %
	2023 RM'000 Unaudited	2022 RM'000 Unaudited	
<b>Revenue</b>			
- Video surveillance and analytics services	21,733	12,041	80.49
- Supply, installation and maintenance services	10,789	8,731	23.57
- Trading revenue	62	161	(61.49)
<b>Lease Revenue</b>			
- Telecommunication and network infrastructure services	770	551	39.75
	<u>33,354</u>	<u>21,484</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 PBT for the current financial quarter under review increased by 61.77% (from RM11.64 million to RM18.84 million) as compared to the corresponding financial quarter. The increase in PBT was mainly due to the increase in revenue.

#### Current financial period against corresponding financial period

	Cumulative quarter ended 30 June		Variance %
	2023	2022	
	RM'000 Unaudited	RM'000 Unaudited	
Revenue	68,033	40,740	66.99
PBT	<u>39,113</u>	<u>20,848</u>	87.61

The Group reported revenue of RM68.03 million for the current financial period, as compared to RM40.74 million in the corresponding financial period, representing an increase of RM27.29 million or 66.99%.

The increase in revenue was attributed to the increase in all revenue services except for trading revenue, as detailed below:

	Cumulative quarter ended 30 June		Variance %
	2023	2022	
	RM'000 Unaudited	RM'000 Unaudited	
<b>Revenue</b>			
- Video surveillance and analytics services	46,377	24,880	86.40
- Supply, installation and maintenance services	20,034	14,200	41.08
- Trading revenue	129	532	(75.75)
<b>Lease Revenue</b>			
- Telecommunication and network infrastructure services	1,493	1,128	32.36
	<u>68,033</u>	<u>40,740</u>	

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## B1. Review of financial performance (continued)

### (a) Highlight on Condensed Combined 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

	Individual quarter ended		Variance %
	30 June 2023 RM'000 Unaudited	31 March 2023 RM'000 Unaudited	
Revenue	33,354	34,680	(3.82)
PBT	18,835	20,280	(7.13)

The Group's revenue decreased from RM34.68 million to RM33.35 million, a decrease of 3.82% and the Group's PBT decreased from RM20.28 million to RM18.84 million, which was a decrease of 7.13%.

The decrease in Group's revenue was mainly due to the decrease in revenue from an analytics service contract for underground utility mapping due to the completion of the testing and development phase in the preceding quarter. The analytics service contract is currently in the digitalisation phase and claims will begin after the digitalisation has been completed.

The decrease in PBT for the current quarter was mainly due to (i) decrease in revenue and (ii) increase in cost of sales as we are in the installation phase of a traffic light contract where we are replacing the traffic light controllers for new junctions managed under the contract.

## 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 30 June		Cumulative quarter ended 30 June	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited	2023 RM'000 Unaudited	2022 RM'000 Unaudited
<i>Recognised in profit or loss</i>				
<b>Current tax expense</b>				
Current financial period	3,645	2,175	8,608	3,966
<b>Deferred tax expense</b>				
Current financial period	73	691	205	1,428
	<u>3,718</u>	<u>2,866</u>	<u>8,813</u>	<u>5,394</u>
Effective tax rate	19.74%	24.61%	22.53%	25.87%

The overall effective tax rate of 19.74% for individual and 22.53% for cumulative quarter ended 30 June 2023 were lower than the statutory tax rate of 24% mainly due to the reversal of over provision in tax expenses from the financial year ended 31 December 2022.

Income tax expense in the form of provision is recognised based on management's estimate.

#### 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 30 June 2023 RM'000	Audited As at 31 December 2022 RM'000
<b>Non-current</b>			
Term loans – secured	B7.1	46,630	55,844
Hire purchase liabilities	B7.2	559	638
		<u>47,189</u>	<u>56,482</u>
<b>Current</b>			
Term loans – secured	B7.1	18,765	18,572
Hire purchase liabilities	B7.2	317	382
		<u>19,082</u>	<u>18,954</u>
		<u>66,271</u>	<u>75,436</u>

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

The term loans and hire purchase liabilities are secured by:

- Guarantees executed by the Company.
- Fixed deposits with licensed banks.

### 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
<b>Unaudited 30.06.2023</b>			
Less than one year	352	35	317
Between one to five years	595	36	559
	<u>947</u>	<u>71</u>	<u>876</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
<b>Audited 31.12.2022</b>			
Less than one year	421	39	382
Between one to five years	683	45	638
	1,104	84	1,020

## B8. Material litigation

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

## B9. Dividends

The Board of Directors does not recommend any dividend for the current financial quarter under review.

## B10. Earnings per ordinary share

The calculation of earnings per ordinary share at 30 June 2023 and 30 June 2022, was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2023 Unaudited	2022 Unaudited	2023 Unaudited	2022 Unaudited
Profit for the financial period attributable to owners of the Company (RM'000)	15,117	8,778	30,300	15,454
<b>Basic earnings per ordinary share attributable to owners of the Company</b>				
Based on weighted average number of ordinary shares ('000)	1,028,163	4,000 <sup>(i)</sup>	1,028,000	4,000 <sup>(i)</sup>
Effect of employee share option exercised ('000) <sup>(ii)</sup>	4	-	126	-

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## B10. Earnings per ordinary share (continued)

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2023 Unaudited	2022 Unaudited	2023 Unaudited	2022 Unaudited
Adjusted weighted average number of ordinary shares ('000)	1,028,167	4,000	1,028,126	4,000
Basic earnings per ordinary share (sen)	1.47	219.45	2.95	386.35
<b>Diluted earnings per ordinary share attributable to owners of the Company</b>				
Based on weighted average number of ordinary shares ('000)	1,028,167	4,000 <sup>(i)</sup>	1,028,126	4,000 <sup>(i)</sup>
Effect of dilution arising from exercising of all employee share option scheme ('000) <sup>(iii)</sup>	24,667	-	24,667	-
Adjusted weighted average number of ordinary shares ('000)	1,052,834	4,000	1,052,793	4,000
Diluted earnings per ordinary share (sen)	1.44	219.45	2.88	386.35

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

(ii) Calculated based on weighted average number of exercised employee share option of 183,000 ordinary shares.

(iii) Effect of dilution includes the effect of forfeited employee share options due to employee resignations and remaining unexercised employee share options as at 30 June 2023.

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## B11. Profit before tax

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited	2023 RM'000 Unaudited	2022 RM'000 Unaudited
<b><i>Material expenses/(income)</i></b>				
Depreciation of plant and equipment	3,068	1,696	6,110	3,374
Depreciation of right-of-use assets	237	188	466	431
Amortisation of intangible assets	272	208	523	411
Personnel expenses (including key management personnel):				
- Contributions to state plans	335	239	656	499
- Wages, salaries and others	3,183	2,254	5,901	3,842
- Employee share option scheme	597	-	1,190	-
IPO expenses	22	-	749	-
Realised foreign exchange (gain)/loss	(13)	(4)	163	(43)
Unrealised foreign exchange loss	110	442	60	454
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net loss/(reversal) on impairment of financial instruments and contract assets</b>				
Financial assets at amortised cost	-	24	(10)	24
Contract assets	-	374	-	374
	<hr/>	<hr/>	<hr/>	<hr/>
	-	398	(10)	398

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## B12. Utilisation of proceeds

The status of 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	2,642	3.11	(82,358) <sup>(1)</sup>	(96.89)
Expansion of R&D capabilities	Within 36 months	12,500	6.1	813	6.50	(11,687) <sup>(1)</sup>	(93.50)
Expansion into enterprise market	Within 36 months	20,000	9.8	-	-	(20,000) <sup>(1)</sup>	(100.00)
Network and telecommunication infrastructure expansion	Within 36 months	39,500	19.4	571	1.45	(38,929) <sup>(1)</sup>	(98.55)
Working capital	Within 12 months	29,078	14.3	714	2.46	(28,364) <sup>(1)</sup>	(97.54)
Repayment of borrowings	Within 6 months	8,000	3.9	5,572	69.65	(2,428) <sup>(2)</sup>	(30.35)
Estimated listing expenses	Within 6 months	9,814	4.8	8,486	86.47	(1,328) <sup>(3)</sup>	(13.53)
	<b>Total</b>	<b>203,892</b>	<b>100.0</b>	<b>18,798</b>	<b>9.22</b>	<b>(185,094)</b>	<b>(90.78)</b>

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

<sup>(1)</sup> 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.

<sup>(2)</sup> The repayment of borrowings is lower than estimated. The excess will be utilised as working capital.

<sup>(3)</sup> The listing expenses have been settled. The excess will be utilised as working capital.