

ITMAX System Berhad

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

**Unaudited Condensed Consolidated
Interim Financial Report
for the Fourth Quarter and Year Ended
31 December 2023**

ITMAX System Berhad

Registration No: 200101008580 (544336-M)

(Incorporated in Malaysia)

Unaudited condensed consolidated statement of financial position as at 31 December 2023

	Unaudited As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000
Assets		
Plant and equipment	133,894	127,315
Right-of-use assets	3,696	2,654
Intangible assets	4,421	3,842
Contract assets	77	134
Deferred tax assets	329	-
Total non-current assets	<u>142,417</u>	<u>133,945</u>
Inventories	17,811	8,416
Contract assets	22,504	12,778
Contract costs	1,087	646
Trade and other receivables	28,622	18,304
Current tax assets	1	-
Prepayments and other assets	1,689	244
Fixed deposits with licensed banks	11,315	10,702
Cash and cash equivalents	212,490	206,867
Total current assets	<u>295,519</u>	<u>257,957</u>
Total assets	<u>437,936</u>	<u>391,902</u>
Equity		
Share capital	259,580	258,983
Share option reserve	3,035	692
Merger reserve	(56,358)	(56,358)
Retained earnings	137,569	82,507
Total equity attributable to owners of the Company	<u>343,826</u>	<u>285,824</u>
Non-controlling interest	178	-
Total equity	<u>344,004</u>	<u>285,824</u>

Unaudited condensed consolidated statement of financial position as at 31 December 2023 (continued)

	Unaudited As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000
Liabilities		
Loans and borrowings	37,551	56,482
Lease liabilities	2,747	1,526
Deferred tax liabilities	9,235	8,348
Total non-current liabilities	<u>49,533</u>	<u>66,356</u>
Loans and borrowings	19,585	18,954
Lease liabilities	1,071	1,234
Trade and other payables	20,951	15,753
Contract liabilities	22	22
Current tax liabilities	2,770	3,759
Total current liabilities	<u>44,399</u>	<u>39,722</u>
Total liabilities	<u>93,932</u>	<u>106,078</u>
Total equity and liabilities	<u>437,936</u>	<u>391,902</u>
Net assets per share attributable to owners of the Company (RM)	0.33 ⁽¹⁾	0.28 ⁽²⁾

⁽¹⁾ Net assets per share attributable to owners is calculated based on the total number of ordinary shares in issue of 1,028,678,000 shares.

⁽²⁾ 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)

(Incorporated in Malaysia)

Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the fourth quarter and year ended 31 December 2023

	Individual quarter ended 31 December		Year ended 31 December	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited	2023 RM'000 Unaudited	2022 RM'000 Audited
Revenue	42,589	35,767	149,681	107,281
Cost of sales	(14,113)	(8,885)	(44,884)	(29,249)
Gross profit	28,476	26,882	104,797	78,032
Other income	84	172	342	559
Administrative expenses	(7,366)	(6,817)	(25,635)	(19,696)
Net (loss)/reversal on impairment of financial instrument	(380)	(370)	(368)	28
Results from operating activities	20,814	19,867	79,136	58,923
Finance income	1,901	144	7,546	258
Finance costs	(978)	(1,159)	(4,334)	(2,864)
Profit before tax	21,737	18,852	82,348	56,317
Tax expense	(5,128)	(6,017)	(19,152)	(15,730)
Profit and total comprehensive income for the financial period	16,609	12,835	63,196	40,587
Profit and total comprehensive income attributable to:				
Owners of the Company	16,667	12,835	63,279	40,587
Non-controlling interests	(58)	-	(83)	-
Profit and total comprehensive income for the financial period	16,609	12,835	63,196	40,587
Earnings per ordinary share (sen) ⁽¹⁾				
- Basic earnings per ordinary shares (sen)	1.62	1.84	6.15	23.00
- Diluted earnings per ordinary shares (sen)	1.58	1.78	6.01	20.15

⁽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 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)
(Incorporated in Malaysia)

Unaudited condensed consolidated statement of changes in equity for the year ended 31 December 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 ⁽¹⁾ RM'000	Merger reserve RM'000	Retained earnings RM'000			
Audited								
At 1 January 2022	1,000	-	3,000	-	49,920	53,920	-	53,920
Acquisition of subsidiary via common control ⁽¹⁾	59,358	-	(3,000)	(56,358)	-	-	-	-
Issue of new shares ⁽²⁾	203,892	-	-	-	-	203,892	-	203,892
Share issuance expenses ⁽³⁾	(5,267)	-	-	-	-	(5,267)	-	(5,267)
Share-based payment transaction ⁽⁴⁾	-	692	-	-	-	692	-	692
Profit and total comprehensive income for the financial year	-	-	-	-	40,587	40,587	-	40,587
Dividend paid	-	-	-	-	(8,000)	(8,000)	-	(8,000)
At 31 December 2022	258,983	692	-	(56,358)	82,507	285,824	-	285,824
Unaudited								
At 1 January 2023	258,983	692	-	(56,358)	82,507	285,824	-	285,824
Issue of new shares ⁽²⁾	725	-	-	-	-	725	261	986
Share issuance expenses ⁽³⁾	(128)	-	-	-	-	(128)	-	(128)
Share-based payment transaction ⁽⁴⁾	-	2,351	-	-	-	2,351	-	2,351
Forfeited employee share option	-	(8)	-	-	8	-	-	-
Profit and total comprehensive income for the financial period	-	-	-	-	63,279	63,279	(83)	63,196
Dividend paid	-	-	-	-	(8,225)	(8,225)	-	(8,225)
At 31 December 2023	259,580	3,035	-	(56,358)	137,569	343,826	178	344,004

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

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

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

⁽⁴⁾ 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.

ITMAX System Berhad

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

Unaudited condensed consolidated statement of cash flows for the year ended 31 December 2023

	Year ended 31 December	
	2023 RM'000 Unaudited	2022 RM'000 Audited
Cash flows from operating activities		
Profit before tax	82,348	56,317
<i>Adjustments for:</i>		
IPO expenses	749	3,927
Depreciation of plant and equipment	12,448	8,977
Depreciation of right-of-use assets	971	839
Depreciation of intangible assets	1,267	866
Gain on lease modification	(46)	-
Gain on bargain purchase	(26)	-
Plant and equipment written off	3	-
Goodwill written off	3	-
Income from rental concession	(5)	-
Unrealised foreign exchange loss	100	163
Net loss/(reversal) on impairment loss of financial instruments and contract assets	374	(28)
Share-based payment	2,351	692
Finance income	(7,546)	(258)
Finance costs	4,334	2,864
Operating profit before working capital changes	97,325	74,359
Changes in working capital:		
Inventories	(9,395)	2,182
Contract assets	(9,668)	(5,716)
Contract costs	(338)	(261)
Trade and other receivables	(10,683)	(2,912)
Prepayments and other assets	(1,422)	124
Trade and other payables	5,077	(18,209)
Contract liabilities	-	3
Cash generated from operations	70,896	49,570
Interest received	4,680	182
Tax paid	(19,585)	(8,455)
Net cash from operating activities	55,991	41,297
Cash flows from investing activities		
Acquisition of property, plant and equipment	(18,772)	(39,013)
Acquisition of intangible assets	(1,846)	(3,737)
Interest received from money market instruments	2,866	53
Net cash outflow from acquisition subsidiaries	(87)	-
Change in pledged deposits	(613)	3,858
Net cash used in investing activities	(18,452)	(38,839)

Registration No: 200101008580 (544336-M)
--

Unaudited condensed consolidated statement of cash flows for the year ended 31 December 2023 (continued)

	Year ended 31 December	
	2023 RM'000 Unaudited	2022 RM'000 Audited
Cash flows from financing activities		
Proceeds from issuance of shares	987	203,892
Payment of IPO expenses	(877)	(9,194)
Drawdown of loans and borrowings	-	21,415
Repayment of loans and borrowings	(18,171)	(14,856)
Drawdown of revolving credits	-	259
Repayment of revolving credits	-	(8,118)
Drawdown of invoice financing	-	1,920
Repayment of invoice financing	-	(1,920)
Repayment hire purchase liabilities	(393)	(426)
Payment of lease liabilities	(903)	(844)
Dividends paid to Owners of the Company	(8,225)	(8,000)
Interest paid	(4,334)	(2,864)
Net cash (used in)/generated from financing activities	<u>(31,916)</u>	<u>181,264</u>
Net change in cash and cash equivalents	5,623	183,722
Cash and cash equivalents at the beginning of financial period	<u>206,867</u>	<u>23,145</u>
Cash and cash equivalents at the end of financial year	<u><u>212,490</u></u>	<u><u>206,867</u></u>

Registration No: 200101008580 (544336-M)
--

Unaudited condensed consolidated statement of cash flows for the year ended 31 December 2023 (continued)

(i) Acquisition of plant and equipment

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

	Year ended 31 December	
	2023 RM'000 Unaudited	2022 RM'000 Audited
Paid in cash	18,772	39,013
In the form of hire purchase arrangement	252	590
	<u>19,024</u>	<u>39,603</u>

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

	Revolving credit RM'000	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
Audited					
At 1 January 2022	7,523	66,674	856	3,189	78,242
Net changes from					
financing cash flows	(7,971)	4,002	(466)	(999)	(5,434)
Interest	112	2,557	40	155	2,864
Borrowing cost capitalised	336	1,183	-	-	1,519
Addition	-	-	590	795	1,385
Derecognition	-	-	-	(380)	(380)
At 31 December 2022	<u>-</u>	<u>74,416</u>	<u>1,020</u>	<u>2,760</u>	<u>78,196</u>
Unaudited					
At 1 January 2023	-	74,416	1,020	2,760	78,196
Net changes from					
financing cash flows	-	(22,262)	(434)	(1,107)	(23,803)
Interest	-	4,089	41	204	4,334
Addition	-	-	252	-	252
Remeasurement	-	-	-	1,915	1,915
Other changes	-	-	14	46	60
At 31 December 2023	<u>-</u>	<u>56,243</u>	<u>893</u>	<u>3,818</u>	<u>60,954</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.

ITMAX System Berhad

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

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 fourth quarter ended 31 December 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, ITMAX Solutions Sdn Bhd and Epeteknik 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 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.

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 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.

Registration No: 200101008580 (544336-M)

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 quarter ended 31 December 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.

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).

Registration No: 200101008580 (544336-M)
--

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.

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 31 December		Year ended 31 December	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited	2023 RM'000 Unaudited	2022 RM'000 Audited
Companies in which a director has financial interests				
Rental income	81	63	300	252
Purchases	-	-	-	(160)
Sales	6,537	241	10,698	2,305
Lease expenses	(122)	(83)	(459)	(206)

Registration No: 200101008580 (544336-M)
--

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 Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Unaudited 31.12.2023			
Financial liabilities			
Hire purchase liabilities	887	887	893
Loans and borrowings	56,243	56,243	56,243
	57,130	57,130	57,136

	Fair value of financial instruments not carried at fair value Level 3 RM'000	Total fair value RM'000	Carrying amount RM'000
Audited 31.12.2022			
Financial liabilities			
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.

Registration No: 200101008580 (544336-M)
--

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		Variance %
	Individual quarter ended		
	2023	2022	
	RM'000	RM'000	
Revenue	42,589	35,767	19.07
Profit before tax ("PBT")	<u>21,737</u>	<u>18,852</u>	15.30

The Group reported revenue of RM42.59 million for the current financial quarter under review. This represents an increase in revenue of approximately 19.07% against the corresponding financial quarter where revenue amounted to approximately RM35.77 million.

The increase in revenue was attributed to the increase in all revenue services except for Digital infrastructure solutions⁽¹⁾, as detailed below:

	Unaudited		Variance %
	Individual quarter ended		
	2023	2022	
	RM'000	RM'000	
Revenue			
- Digital infrastructure solutions ⁽¹⁾	22,332	25,334	(11.85)
- Supply, installation and maintenance services	19,227	9,590	100.49
- Trading revenue	288	199	44.72
Lease Revenue			
- Telecommunication and network infrastructure services	<u>742</u>	<u>644</u>	15.22
	<u>42,589</u>	<u>35,767</u>	

(1) Digital infrastructure solutions consist of revenue from video surveillance, analytics and subscription services

Registration No: 200101008580 (544336-M)
--

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 15.30% (from RM18.85 million to RM21.74 million) as compared to the corresponding financial quarter. The increase in PBT was mainly due to the increase in revenue.

Current financial year against corresponding financial year

	Year ended 31 December		Variance %
	2023	2022	
	RM'000 Unaudited	RM'000 Audited	
Revenue	149,681	107,281	39.52
PBT	<u>82,348</u>	<u>56,317</u>	46.22

The Group reported revenue of RM149.68 million for the current financial year ended, as compared to RM107.28 million in the corresponding financial year, representing an increase of RM42.40 million or 39.52%.

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

	Year ended 31 December		Variance %
	2023	2022	
	RM'000 Unaudited	RM'000 Audited	
Revenue			
- Digital infrastructure solutions ⁽¹⁾	91,128	71,475	27.50
- Supply, installation and maintenance services	54,597	31,720	72.12
- Trading revenue	991	1,730	(42.72)
Lease Revenue			
- Telecommunication and network infrastructure services	<u>2,965</u>	<u>2,356</u>	25.85
	<u>149,681</u>	<u>107,281</u>	

(1) Digital infrastructure solutions consist of revenue from video surveillance, analytics and subscription services

Registration No: 200101008580 (544336-M)
--

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 financial year was consistent with the increase in revenue. In addition to the increase in revenue, the increase in finance income was also a contributor to the overall increase in the Group's PBT during the year.

B2. Variation of results against immediate preceding financial quarter

	Unaudited		Variance %
	Individual quarter ended 31 December 2023 RM'000	30 September 2023 RM'000	
Revenue	42,589	39,059	9.04
PBT	21,737	21,498	1.11

The Group's revenue increased from RM39.06 million to RM42.59 million, an increase of 9.04% and the Group's PBT increased from RM21.50 million to RM21.74 million, which was an increase of 1.11%.

The increase in Group's revenue and PBT for the current period was mainly due to the increase in revenue from a hospital contract where we have started the supply and installation works during the preceding quarter.

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, inflationary pressure amid rising food and energy prices and disrupted supply chains 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.

Registration No: 200101008580 (544336-M)
--

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		Year ended 31 December	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited	2023 RM'000 Unaudited	2022 RM'000 Audited
<i>Recognised in profit or loss</i>				
Current tax expense				
Current financial period	4,982	3,953	18,595	10,245
Deferred tax expense				
Current financial period	146	2,064	557	5,485
	<u>5,128</u>	<u>6,017</u>	<u>19,152</u>	<u>15,730</u>
Effective tax rate	23.59%	31.92%	23.26%	27.93%

The effective tax rate of 23.26% for the year ended 31 December 2023 was 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

On 23 August 2023, the Company entered into a binding term sheet with Aim-Force Sdn Bhd ("Vendor") for the proposed acquisition of 70% equity interest in Aim-Force Software Sdn Bhd for a total purchase consideration of RM7,175,000.

Save for the above, there are no other corporate proposals announced but not completed for the current financial quarter under review.

Registration No: 200101008580 (544336-M)
--

B7. Loans and borrowings

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

	Note	Unaudited As at 31 December 2023 RM'000	Audited As at 31 December 2022 RM'000
Non-current			
Term loans – secured	B7.1	36,948	55,844
Hire purchase liabilities	B7.1 & B7.2	603	638
		<u>37,551</u>	<u>56,482</u>
Current			
Term loans – secured	B7.1	19,295	18,572
Hire purchase liabilities	B7.1 & B7.2	290	382
		<u>19,585</u>	<u>18,954</u>
		<u>57,136</u>	<u>75,436</u>

B7.1 Term loans 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
Unaudited 31.12.2023			
Less than one year	325	35	290
Between one to five years	641	38	603
	<u>966</u>	<u>73</u>	<u>893</u>

Registration No: 200101008580 (544336-M)
--

B7. Loans and borrowings (continued)

B7.2 Hire purchase liabilities (continued)

Audited 31.12.2022	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
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>

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 1.2 sen per ordinary share in respect of financial year ended 31 December 2023. The entitlement date is fixed on 14 March 2024 and payment will be made on 25 March 2024. The total dividends declared to date for the financial year ended 31 December 2023 is 1.2 sen per ordinary share (2022: 0.8 sen).

B10. Earnings per ordinary share

The calculation of earnings per ordinary share at 31 December 2023 and 31 December 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 31 December		Year ended 31 December	
	2023 Unaudited	2022 Unaudited	2023 Unaudited	2022 Unaudited
Profit for the financial period attributable to owners of the Company (RM'000)	<u>16,667</u>	<u>12,835</u>	<u>63,279</u>	<u>40,587</u>

Registration No: 200101008580 (544336-M)
--

B10. Earnings per ordinary share (continued)

	Individual quarter ended		Year ended	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	Unaudited	Unaudited	Unaudited	Unaudited
Basic earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	1,028,230	697,035 ⁽ⁱ⁾	1,028,000	176,439 ⁽ⁱ⁾
Effect of employee share option exercised ('000) ⁽ⁱⁱ⁾	296	-	260	-
Adjusted weighted average number of ordinary shares ('000)	<u>1,028,526</u>	<u>697,035</u>	<u>1,028,260</u>	<u>176,439</u>
Basic earnings per ordinary share (sen)	<u>1.62</u>	<u>1.84</u>	<u>6.15</u>	<u>23.00</u>
Diluted earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	1,028,526	697,035 ⁽ⁱ⁾	1,028,260	176,439 ⁽ⁱ⁾
Effect of dilution arising from exercising of all employee share option scheme ('000)	24,047 ⁽ⁱⁱⁱ⁾	25,000	24,047 ⁽ⁱⁱⁱ⁾	25,000
Adjusted weighted average number of ordinary shares ('000)	<u>1,052,573</u>	<u>722,035</u>	<u>1,052,307</u>	<u>201,439</u>
Diluted earnings per ordinary share (sen)	<u>1.58</u>	<u>1.78</u>	<u>6.01</u>	<u>20.15</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) Calculated based on weighted average number of exercised employee share option of 678,000 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 31 December 2023.

Registration No: 200101008580 (544336-M)
--

B11. Profit before tax

	Individual quarter ended 31 December		Year ended 31 December	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
	Unaudited	Unaudited	Unaudited	Audited
<i>Material expenses</i>				
Depreciation of plant and equipment	3,246	3,029	12,448	8,977
Depreciation of right-of-use assets	261	193	971	839
Amortisation of intangible assets	453	232	1,267	866
Personnel expenses (including key management personnel):				
- Contributions to state plans	297	211	1,235	958
- Wages, salaries and others	4,781	3,308	13,780	9,005
- Employee share option scheme	571	692	2,361	692
IPO expenses	-	1,552	749	3,927
Realised foreign exchange loss	13	178	185	263
Unrealised foreign exchange (gain)/loss	(46)	(598)	100	163
Net loss/(reversal) on impairment of financial instruments and contract assets				
Financial assets at amortised cost	380	370	368	346
Contract assets	-	-	-	(374)
	<u>380</u>	<u>370</u>	<u>368</u>	<u>(28)</u>

Registration No: 200101008580 (544336-M)
--

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		Re-allocation		Proposed utilisation after re-allocation		Amount utilised as at the date of this report		Deviation	
		RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Smart city application expansion to other local governments, federal ministries, and existing customers	Within 36 months	85,000	41.69	-	-	85,000	41.69	9,944	11.70	(75,056) ⁽¹⁾	(88.30)
Expansion of R&D capabilities	Within 36 months	12,500	6.13	-	-	12,500	6.13	3,210	25.68	(9,290) ⁽¹⁾	(74.32)
Expansion into enterprise market	Within 36 months	20,000	9.81	-	-	20,000	9.81	396	1.98	(19,604) ⁽¹⁾	(98.02)
Network and telecommunication infrastructure expansion	Within 36 months	39,500	19.37	-	-	39,500	19.37	7,910	20.02	(31,590) ⁽¹⁾	(79.98)
Working capital	Within 24 months ⁽²⁾	29,078	14.27	3,756	1.84	32,834	16.11	14,842	45.20	(17,992) ⁽¹⁾	(54.80)
Repayment of borrowings	Within 6 months	8,000	3.92	(2,428) ⁽²⁾	(1.19)	5,572	2.73	5,572	100.00	- ⁽²⁾	-
Estimated listing expenses	Within 6 months	9,814	4.81	(1,328) ⁽²⁾	(0.65)	8,486	4.16	8,486	100.00	- ⁽²⁾	-
Total		203,892	100.0	-	-	203,892	100.0	50,360	24.70	(153,532)	(75.30)

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⁾ On 13 December 2023, the Company announced the timeframe extension for the utilisation of the remaining unutilised IPO Proceeds allocated for working capital to twenty-four (24) months from the date of listing and the re-allocation of the surplus amounts for the repayment of borrowings and the payment of listing expenses to working capital.