

ITMAX System Berhad

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

**Unaudited Condensed Consolidated
Interim Financial Report
for the Second Quarter Ended
30 June 2024**

ITMAX System Berhad

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

Unaudited condensed consolidated statement of financial position as at 30 June 2024

	Unaudited As at 30 June 2024 RM'000	Audited As at 31 December 2023 RM'000
Assets		
Property, plant and equipment	150,358	133,894
Right-of-use assets	3,352	3,696
Intangible assets	8,273	4,421
Contract assets	48	77
Contract costs	415	-
Deferred tax assets	108	329
Total non-current assets	162,554	142,417
Inventories	18,749	17,811
Contract assets	51,019	22,504
Contract costs	2,824	1,087
Trade and other receivables	46,901	28,905
Current tax assets	21	1
Prepayments and other assets	2,177	1,461
Fixed deposits with licensed banks	11,420	11,315
Cash and cash equivalents	169,252	212,490
Total current assets	302,363	295,574
Total assets	464,917	437,991
Equity		
Share capital	260,342	259,580
Share option reserve	3,928	3,035
Merger reserve	(56,358)	(56,358)
Retained earnings	162,405	137,569
Total equity attributable to owners of the Company	370,317	343,826
Non-controlling interest	223	178
Total equity	370,540	344,004

Registration No: 200101008580 (544336-M)
--

Unaudited condensed consolidated statement of financial position as at 30 June 2024 (continued)

	Unaudited As at 30 June 2024 RM'000	Audited As at 31 December 2023 RM'000
Liabilities		
Loans and borrowings	31,042	37,551
Lease liabilities	2,502	2,747
Deferred tax liabilities	9,937	9,235
Total non-current liabilities	43,481	49,533
Loans and borrowings	20,414	19,585
Lease liabilities	1,004	1,071
Trade and other payables	26,265	21,006
Contract liabilities	22	22
Current tax liabilities	3,191	2,770
Total current liabilities	50,896	44,454
Total liabilities	94,377	93,987
Total equity and liabilities	464,917	437,991
Net assets per share attributable to owners of the Company (RM)	0.36 ⁽¹⁾	0.33 ⁽²⁾

⁽¹⁾ Net assets per share attributable to owners is calculated based on the total number of ordinary shares in issue of 1,029,360,600 shares as of 30 June 2024.

⁽²⁾ 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 as of 31 December 2023.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 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 second quarter ended 30 June 2024

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Revenue	53,247	33,354	99,086	68,033
Cost of sales	(20,274)	(9,119)	(36,366)	(18,263)
Gross profit	32,973	24,235	62,720	49,770
Other income	125	44	399	166
Administrative expenses	(8,234)	(5,955)	(15,637)	(12,292)
Net loss on impairment of financial instrument	-	-	-	(10)
Results from operating activities	24,864	18,324	47,482	37,634
Finance income	1,545	1,805	3,270	3,818
Finance costs	(775)	(1,294)	(1,620)	(2,339)
Profit before tax	25,634	18,835	49,132	39,113
Tax expense	(6,309)	(3,718)	(11,902)	(8,813)
Profit and total comprehensive income for the financial period	19,325	15,117	37,230	30,300
Profit and total comprehensive income attributable to:				
Owners of the Company	19,155	15,122	37,185	30,305
Non-controlling interests	170	(5)	45	(5)
Profit and total comprehensive income for the financial period	19,325	15,117	37,230	30,300
Earnings per ordinary share (sen) ⁽¹⁾				
- Basic earnings per ordinary shares (sen)	1.86	1.47	3.61	2.95
- Diluted earnings per ordinary shares (sen)	1.82	1.44	3.53	2.88

⁽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 2023 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 period ended 30 June 2024

	← 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	Merger reserve RM'000	Retained earnings RM'000			
Unaudited							
At 1 January 2023	258,983	692	(56,358)	82,507	285,824	-	285,824
Issued of new share ⁽¹⁾	196	-	-	-	196	-	196
Share issuance expenses ⁽²⁾	(128)	-	-	-	(128)	-	(128)
Share-based payment transaction ⁽³⁾	-	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)
At 30 June 2023	259,051	1,882	(56,358)	104,587	309,162	(5)	309,157
Unaudited							
At 1 January 2024	259,580	3,035	(56,358)	137,569	343,826	178	344,004
Issue of new shares ⁽¹⁾	762	-	-	-	762	-	762
Share-based payment transaction ⁽³⁾	-	893	-	-	893	-	893
Profit and total comprehensive income for the financial period	-	-	-	37,185	37,185	45	37,230
Dividend paid	-	-	-	(12,349)	(12,349)	-	(12,349)
At 30 June 2024	260,342	3,928	(56,358)	162,405	370,317	223	370,540

⁽¹⁾ Issuance of new shares in relation to the exercise of employee share option scheme.

⁽²⁾ Listing expenses incurred pursuant to the Initial Public Offering ("IPO") that has been set-off against equity.

⁽³⁾ 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 2023 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 period ended 30 June 2024

	Cumulative quarter ended 30 June	
	2024	2023
	RM'000	RM'000
	Unaudited	Unaudited
Cash flows from operating activities		
Profit before tax	49,132	39,113
<i>Adjustments for:</i>		
IPO expenses	-	749
Depreciation of property, plant and equipment	6,971	6,110
Depreciation of right-of-use assets	557	466
Depreciation of intangible assets	988	523
Gain on lease modification	(3)	(28)
Gain on disposal of plant and equipment	(90)	-
Plant and equipment written off	-	3
Goodwill written off	-	5
Income from rental concession	-	(6)
Unrealised foreign exchange (gain)/loss	(136)	60
Net loss on impairment loss of financial instruments and contract assets	-	10
Share-based payment	893	1,190
Finance income	(3,270)	(3,818)
Finance costs	1,620	2,339
	<hr/>	<hr/>
Operating profit before working capital changes	56,662	46,716
Changes in working capital:		
Inventories	(938)	(3,488)
Contract assets	(28,486)	(15,330)
Contract costs	(2,152)	(660)
Trade and other receivables	(17,996)	(8,757)
Prepayments and other assets	(716)	(657)
Trade and other payables	5,397	(2,698)
	<hr/>	<hr/>
Cash generated from operations	11,771	15,126
Interest received	1,828	2,363
Tax paid	(10,577)	(4,863)
	<hr/>	<hr/>
Net cash from operating activities	3,022	12,626
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(22,686)	(4,758)
Acquisition of intangible assets	(4,841)	(1,196)
Interest received from money market instruments	1,442	1,455
Proceed of disposal of plant and equipment	90	-
Change in pledged deposits	(105)	875
	<hr/>	<hr/>
Net cash used in investing activities	(26,100)	(3,624)
	<hr/>	<hr/>

Registration No: 200101008580 (544336-M)
--

Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2024 (continued)

	Cumulative quarter ended 30 June	
	2024 RM'000 Unaudited	2023 RM'000 Unaudited
Cash flows from financing activities		
Proceeds from issuance of shares	762	196
Payment of IPO expenses	-	(877)
Drawdown of loans and borrowings	3,240	-
Repayment of loans and borrowings	(9,482)	(9,021)
Repayment hire purchase liabilities	(188)	(196)
Payment of lease liabilities	(523)	(440)
Dividends paid to Owners of the Company	(12,349)	(8,225)
Interest paid	(1,620)	(2,339)
Net cash used in financing activities	<u>(20,160)</u>	<u>(20,902)</u>
Net change in cash and cash equivalents	(43,238)	(11,900)
Cash and cash equivalents at the beginning of financial period	<u>212,490</u>	<u>206,867</u>
Cash and cash equivalents at the end of financial period	<u>169,252</u>	<u>194,967</u>

Registration No: 200101008580 (544336-M)
--

Unaudited condensed consolidated statement of cash flows for the period ended 30 June 2024 (continued)

(i) Acquisition of plant and equipment

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

	Cumulative quarter ended 30 June	
	2024 RM'000 Unaudited	2023 RM'000 Unaudited
Paid in cash	22,686	4,758
In the form of hire purchase arrangement	750	52
	<u>23,436</u>	<u>4,810</u>

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

	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
Unaudited				
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
Borrowing cost capitalised	-	-	1,599	1,651
Addition	-	52	(489)	(489)
Other changes	-	-	(6)	(6)
At 30 June 2023	<u>65,395</u>	<u>876</u>	<u>3,424</u>	<u>69,695</u>

	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
Unaudited				
At 1 January 2024	56,243	893	3,818	60,954
Net changes from				
financing cash flows	(10,960)	(226)	(627)	(11,813)
Interest	1,478	38	104	1,620
Addition	3,240	750	214	4,204
Other changes	-	-	(3)	(3)
At 30 June 2024	<u>50,001</u>	<u>1,455</u>	<u>3,506</u>	<u>54,962</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 2023 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 second quarter ended 30 June 2024, the Group comprises of the Company and its subsidiaries, Sena Traffic Systems Sdn Bhd, Southmax Sdn Bhd, ITMAX Digital Sdn Bhd (formerly known as ITMAX Green Sdn Bhd), ITMAX Solutions Sdn Bhd, Epeteknik Sdn Bhd and ITMAX Tech 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 should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 2023.

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 2023.

As of 1 January 2024, the Group has adopted the following amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2024.

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 2023 was unqualified.

Registration No: 200101008580 (544336-M)

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 30 June 2024.

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 new subsidiary, ITMAX Tech Solutions Sdn Bhd.

A9. Capital commitments

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

A10. Dividends paid

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.

A single-tier interim dividend of RM0.012 per ordinary share amounting to RM12,349,033 was declared on 26 February 2024 and paid on 25 March 2024, in respect of financial year ended 31 December 2023.

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		Cumulative quarter ended	
	30 June		30 June	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Unaudited
Companies in which a director has financial interests				
Rental income	81	75	162	138
Sales	11,400	44	22,191	67
Lease expenses	(121)	(99)	(243)	(180)

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			
30.06.2024			
Financial liabilities			
Hire purchase liabilities	1,445	1,445	1,455
Loans and borrowings	50,001	50,001	50,001
	51,446	51,446	51,456

	Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 3		
	RM'000	RM'000	RM'000
Audited			
31.12.2023			
Financial liabilities			
Hire purchase liabilities	887	887	893
Loans and borrowings	56,243	56,243	56,243
	57,130	57,130	57,136

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% (2023: 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 Individual quarter ended 30 June		Variance %
	2024	2023	
	RM'000	RM'000	
Revenue	53,247	33,354	59.64
Profit before tax ("PBT")	<u>25,634</u>	<u>18,835</u>	36.10

The Group reported revenue of RM53.25 million for the current financial quarter under review. This represents an increase in revenue of approximately 59.64% against the corresponding financial quarter where revenue amounted to approximately RM33.35 million.

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

	Unaudited Individual quarter ended 30 June		Variance %
	2024	2023	
	RM'000	RM'000	
Revenue			
- Digital infrastructure solutions ⁽¹⁾	23,599	21,733	8.59
- Supply, installation and maintenance services	28,833	10,789	167.24
- Trading revenue	12	62	(80.65)
Lease Revenue			
- Telecommunication and network infrastructure services	803	770	4.29
	<u>53,247</u>	<u>33,354</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 36.10% (from RM18.84 million to RM25.63 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

	Cumulative quarter ended 30 June		Variance %
	2024 RM'000 Unaudited	2023 RM'000 Unaudited	
Revenue	99,086	68,033	45.64
PBT	<u>49,132</u>	<u>39,113</u>	25.62

The Group reported revenue of RM99.09 million for the current financial year ended, as compared to RM68.03 million in the corresponding financial year, representing an increase of RM31.05 million or 45.64%.

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

	Cumulative quarter ended 30 June		Variance %
	2024 RM'000 Unaudited	2023 RM'000 Unaudited	
Revenue			
- Digital infrastructure solutions ⁽¹⁾	46,229	46,377	(0.32)
- Supply, installation and maintenance services	51,062	20,034	154.88
- Trading revenue	204	129	58.14
Lease Revenue			
- Telecommunication and network infrastructure services	<u>1,591</u>	<u>1,493</u>	6.56
	<u>99,086</u>	<u>68,033</u>	

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

Registration No: 200101008580 (544336-M)
--

B2. Variation of results against immediate preceding financial quarter

	Unaudited		Variance %
	Individual quarter ended		
	30 June 2024 RM'000	31 March 2024 RM'000	
Revenue	53,247	45,839	16.16
PBT	25,634	23,498	9.09

The Group's revenue increased from RM45.84 million to RM53.25 million, an increase of 16.16% and the Group's PBT increased from RM23.50 million to RM25.63 million, which was an increase of 9.09%.

The increase in Group's revenue and PBT for the current period was mainly due to the increase in revenue from a new variation order where supply and installation works are ongoing.

B3. Commentary on prospects

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 volatile 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.

B4. Profit forecast

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

Registration No: 200101008580 (544336-M)
--

B5. Tax expense

Tax expense comprises the following:

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2024 RM'000 Unaudited	2023 RM'000 Unaudited	2024 RM'000 Unaudited	2023 RM'000 Unaudited
Recognised in profit or loss				
Current tax expense				
Current financial period	5,773	3,645	10,978	8,608
Deferred tax expense				
Current financial period	536	73	924	205
	<u>6,309</u>	<u>3,718</u>	<u>11,902</u>	<u>8,813</u>
Effective tax rate	24.61%	19.74%	24.23%	22.53%

The effective tax rate of 24.23% for the year ended 30 June 2024 was higher than the statutory tax rate of 24% mainly due to the non-deductible expenses incurred.

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.

On 22 April 2024, a 65% owned subsidiary, Southmax Sdn Bhd had entered into a memorandum of understanding with Jland Group Sdn Bhd for the purpose of exploring potential business opportunities.

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 30 June 2024 RM'000	Audited As at 31 December 2023 RM'000
Non-current			
Term loans – secured	B7.1	29,996	36,948
Hire purchase liabilities	B7.1 & B7.2	1,046	603
		<u>31,042</u>	<u>37,551</u>
Current			
Term loans – secured	B7.1	20,005	19,295
Hire purchase liabilities	B7.1 & B7.2	409	290
		<u>20,414</u>	<u>19,585</u>
		<u>51,456</u>	<u>57,136</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 30.06.2024			
Less than one year	465	56	409
Between one to five years	1,120	74	1,046
	<u>1,585</u>	<u>130</u>	<u>1,455</u>

Registration No: 200101008580 (544336-M)
--

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 31.12.2023			
Less than one year	325	35	290
Between one to five years	641	38	603
	966	73	893

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 2024 and 30 June 2023, 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	
	2024 Unaudited	2023 Unaudited	2024 Unaudited	2023 Unaudited
Profit for the financial period attributable to owners of the Company (RM'000)	19,155	15,122	37,185	30,305
Basic earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	1,029,208	1,028,163	1,028,678	1,028,000
Effect of employee share option exercised ('000) ⁽ⁱ⁾	56	4	393	126
Adjusted weighted average number of ordinary shares ('000)	1,029,264	1,028,167	1,029,071	1,028,126
Basic earnings per ordinary share (sen)	1.86	1.47	3.61	2.95

Registration No: 200101008580 (544336-M)
--

B10. Earnings per ordinary share (continued)

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2024	2023	2024	2023
	Unaudited	Unaudited	Unaudited	Unaudited
Diluted earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	1,029,264	1,028,167	1,029,071	1,028,126
Effect of dilution arising from exercising of all employee share option scheme ('000)	23,364 ⁽ⁱ⁾	24,667 ⁽ⁱ⁾	23,364 ⁽ⁱ⁾	24,667
Adjusted weighted average number of ordinary shares ('000)	<u>1,052,628</u>	<u>1,052,834</u>	<u>1,052,435</u>	<u>1,052,793</u>
Diluted earnings per ordinary share (sen)	<u>1.82</u>	<u>1.44</u>	<u>3.53</u>	<u>2.88</u>

(i) Effect of dilution includes the effect of forfeited employee share options due to employee resignations and remaining unexercised employee share options as at end of the financial period.

B11. Profit before tax

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2024	2023	2024	2023
	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited	RM'000 Unaudited
Material expenses/(income)				
Depreciation of property, plant and equipment	3,560	3,068	6,971	6,110
Depreciation of right-of-use assets	291	237	557	466
Amortisation of intangible assets	511	272	988	523
Personnel expenses (including key management personnel):				
- Contributions to state plans	345	335	782	656
- Wages, salaries and others	4,324	3,183	8,417	5,901
- Employee share option scheme	447	597	893	1,190
IPO expenses	-	22	-	749
Realised foreign exchange loss/(gain)	133	(13)	343	163
Unrealised foreign exchange (gain)/loss	(67)	110	(136)	60
Gain on disposal of plant and equipment	-	-	(90)	-
Net loss on impairment of financial instruments and contract assets				
Financial assets at amortised cost	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10)</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	20,533	24.16	(64,467) ⁽¹⁾	(75.84)
Expansion of R&D capabilities	Within 36 months	12,500	6.13	-	-	12,500	6.13	5,353	42.82	(7,147) ⁽¹⁾	(57.18)
Expansion into enterprise market	Within 36 months	20,000	9.81	-	-	20,000	9.81	2,200	11.00	(17,800) ⁽¹⁾	(89.00)
Network and telecommunication infrastructure expansion	Within 36 months	39,500	19.37	-	-	39,500	19.37	8,974	22.72	(30,526) ⁽¹⁾	(77.28)
Working capital	Within 24 months ⁽²⁾	29,078	14.27	3,756	1.84	32,834	16.11	32,834	100.00	-	-
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	83,952	41.17	(119,940)	(58.83)

The utilisation 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, and network and telecommunication infrastructure expansion have not been fully utilised 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.