

ITMAX System Berhad

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

**Unaudited Condensed Consolidated
Interim Financial Report
for the Fourth Quarter Ended
31 December 2024**

ITMAX System Berhad

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(Incorporated in Malaysia)

Unaudited condensed consolidated statement of financial position as at 31 December 2024

	Unaudited As at 31 December 2024 RM'000	Audited As at 31 December 2023 RM'000
Assets		
Property, plant and equipment	171,838	133,894
Right-of-use assets	3,126	3,696
Intangible assets	13,927	4,421
Contract assets	19	77
Contract costs	644	-
Deferred tax assets	11	329
Total non-current assets	189,565	142,417
Inventories	19,687	17,811
Contract assets	38,314	22,504
Contract costs	3,867	1,087
Trade and other receivables	79,624	28,905
Current tax assets	224	1
Prepayments and other assets	10,831	1,461
Fixed deposits with licensed banks	11,896	11,315
Cash and cash equivalents	154,859	212,490
Total current assets	319,302	295,574
Total assets	508,867	437,991
Equity		
Share capital	261,490	259,580
Share option reserve	4,850	3,035
Merger reserve	(56,358)	(56,358)
Retained earnings	191,196	137,569
Total equity attributable to owners of the Company	401,178	343,826
Non-controlling interest	291	178
Total equity	401,469	344,004

Unaudited condensed consolidated statement of financial position as at 31 December 2024 (continued)

	Unaudited As at 31 December 2024 RM'000	Audited As at 31 December 2023 RM'000
Liabilities		
Loans and borrowings	20,959	37,551
Lease liabilities	2,222	2,747
Deferred tax liabilities	11,186	9,235
Total non-current liabilities	34,367	49,533
Loans and borrowings	21,099	19,585
Lease liabilities	1,074	1,071
Trade and other payables	48,417	21,006
Contract liabilities	22	22
Current tax liabilities	2,419	2,770
Total current liabilities	73,031	44,454
Total liabilities	107,398	93,987
Total equity and liabilities	508,867	437,991
Net assets per share attributable to owners of the Company (RM)	0.39 ⁽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 1,030,307,500 shares as of 31 December 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.

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Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the fourth quarter ended 31 December 2024

	Individual quarter ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Audited	Unaudited	Audited
Revenue	63,128	42,589	220,232	149,681
Cost of sales	(28,393)	(14,113)	(85,241)	(44,884)
Gross profit	34,735	28,476	134,991	104,797
Other income	2,114	84	3,337	563
Administrative expenses	(9,770)	(7,366)	(34,161)	(25,635)
Net loss on impairment of financial instrument	-	(380)	(48)	(368)
Results from operating activities	27,079	20,814	104,119	79,357
Finance income	1,473	1,901	6,086	7,325
Finance costs	(656)	(978)	(2,998)	(4,334)
Profit before tax	27,896	21,737	107,207	82,348
Tax expense	(7,043)	(5,128)	(26,700)	(19,152)
Profit and total comprehensive income for the financial period	20,853	16,609	80,507	63,196
Profit and total comprehensive income attributable to:				
Owners of the Company	21,098	16,667	80,394	63,279
Non-controlling interests	(245)	(58)	113	(83)
Profit and total comprehensive income for the financial period	20,853	16,609	80,507	63,196
Earnings per ordinary share (sen) ⁽¹⁾				
- Basic earnings per ordinary shares (sen)	2.05	1.62	7.81	6.15
- Diluted earnings per ordinary shares (sen)	1.99	1.58	7.60	6.01

⁽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.

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Unaudited condensed consolidated statement of changes in equity for the year ended 31 December 2024

	Attributable to owners of the Company				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		
Audited						
At 1 January 2023	258,983	692	(56,358)	82,507	-	285,824
Issued of new share ⁽¹⁾	725	-	-	-	-	725
Increase in shares in subsidiary to non-controlling interest	-	-	-	-	261	261
Share issuance expenses ⁽²⁾	(128)	-	-	-	-	(128)
Share-based payment transaction ⁽³⁾	-	2,351	-	-	-	2,351
Forfeited employee share option	-	(8)	-	8	-	-
Profit and total comprehensive income for the financial period	-	-	-	63,279	(83)	63,196
Dividend paid	-	-	-	(8,225)	-	(8,225)
At 31 December 2023	259,580	3,035	(56,358)	137,569	178	344,004
Unaudited						
At 1 January 2024	259,580	3,035	(56,358)	137,569	178	344,004
Issue of new shares ⁽¹⁾	1,910	-	-	-	-	1,910
Share-based payment transaction ⁽³⁾	-	1,815	-	-	-	1,815
Profit and total comprehensive income for the financial period	-	-	-	80,394	113	80,507
Dividend paid	-	-	-	(26,767)	-	(26,767)
At 31 December 2024	261,490	4,850	(56,358)	191,196	291	401,469

⁽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.

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Unaudited condensed consolidated statement of cash flows for the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	RM'000	RM'000
	Unaudited	Audited
Cash flows from operating activities		
Profit before tax	107,207	82,348
<i>Adjustments for:</i>		
IPO expenses	-	749
Depreciation of property, plant and equipment	14,800	12,447
Depreciation of right-of-use assets	1,069	971
Depreciation of intangible assets	2,074	1,267
Gain on lease modification	(8)	(46)
Gain on disposal of plant and equipment	(90)	(26)
Plant and equipment written off	-	3
Goodwill written off	-	3
Unrealised foreign exchange (gain)/loss	(97)	100
Net loss on impairment loss of financial instruments and contract assets	48	368
Share-based payment	1,815	2,351
Finance income	(6,086)	(7,325)
Finance costs	2,998	4,334
Operating profit before working capital changes	123,730	97,544
Changes in working capital:		
Inventories	(1,876)	(9,395)
Contract assets	(15,752)	(9,669)
Contract costs	(3,424)	(338)
Trade and other receivables	(50,767)	(10,960)
Prepayments and other assets	(9,370)	(1,194)
Trade and other payables	27,508	5,182
Cash generated from operations	70,049	71,170
Interest received	3,155	4,459
Tax paid	(25,005)	(19,736)
Tax refund	-	152
Net cash from operating activities	48,199	56,045
Cash flows from investing activities		
Acquisition of property, plant and equipment	(51,298)	(18,771)
Acquisition of intangible assets	(11,580)	(1,846)
Interest received from money market instruments	2,931	2,866
Net cash outflow from acquisition subsidiaries	-	(87)
Proceed of disposal of plant and equipment	90	-
Change in pledged deposits	(581)	(613)
Net cash used in investing activities	(60,438)	(18,451)

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Unaudited condensed consolidated statement of cash flows for the year ended 31 December 2024 (continued)

	Year ended 31 December	
	2024	2023
	RM'000	RM'000
	Unaudited	Audited
Cash flows from financing activities		
Proceeds from issuance of shares	1,910	986
Payment of IPO expenses	-	(877)
Drawdown of loans and borrowings	3,240	-
Repayment of loans and borrowings	(19,331)	(18,173)
Repayment hire purchase liabilities	(433)	(393)
Payment of lease liabilities	(1,013)	(955)
Dividends paid to Owners of the Company	(26,767)	(8,225)
Interest paid	(2,998)	(4,334)
Net cash used in financing activities	(45,392)	(31,971)
Net change in cash and cash equivalents	(57,631)	5,623
Cash and cash equivalents at the beginning of financial period	212,490	206,867
Cash and cash equivalents at the end of financial period	154,859	212,490

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Unaudited condensed consolidated statement of cash flows for the year ended 31 December 2024 (continued)

(i) Acquisition of plant and equipment

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

	Year ended 31 December	
	2024 RM'000 Unaudited	2023 RM'000 Audited
Paid in cash	51,298	18,771
In the form of hire purchase arrangement	1,446	252
	<u>52,744</u>	<u>19,023</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
Audited				
At 1 January 2023	74,416	1,020	2,760	78,196
Net changes from financing cash flows	(22,058)	(624)	(1,159)	(23,841)
Interest	3,885	245	204	4,334
Addition	-	252	2,804	3,056
Other changes	-	-	(791)	(791)
At 31 December 2023	<u>56,243</u>	<u>893</u>	<u>3,818</u>	<u>60,954</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	(22,043)	(501)	(1,231)	(23,775)
Interest	2,712	68	218	2,998
Addition	3,240	1,446	499	5,185
Other changes	-	-	(8)	(8)
At 31 December 2024	<u>40,152</u>	<u>1,906</u>	<u>3,296</u>	<u>45,354</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.

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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 fourth quarter ended 31 December 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, ITMAX Tech Solutions Sdn Bhd, Enforcemax Sdn Bhd and Emax Health 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 consolidated 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.

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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 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 two new subsidiaries, Enforcemax Sdn Bhd and Emax Health 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.

A single-tier interim dividend of RM0.014 per ordinary share amounting to RM14,417,900 was declared on 26 November 2024 and paid on 24 December 2024, in respect of financial year ended 31 December 2024.

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.

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	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Audited
Companies in which a director has financial interests				
Rental income	81	81	324	300
Sales	10,000	6,537	42,191	10,721
Purchase	-	-	-	(131)
Lease expenses	(122)	(122)	(487)	(459)

A15. Fair value information

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

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

	Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 3		
	RM'000	RM'000	RM'000
Unaudited			
31.12.2024			
Financial liabilities			
Hire purchase liabilities	1,893	1,893	1,906
Loans and borrowings	40,152	40,152	40,152
	<u>42,045</u>	<u>42,045</u>	<u>42,058</u>

	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	850	850	893
Loans and borrowings	56,243	56,243	56,243
	<u>57,093</u>	<u>57,093</u>	<u>57,136</u>

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.

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

B1. Review of financial performance

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

Current financial quarter against corresponding financial quarter

	Unaudited Individual quarter ended 31 December		
	2024 RM'000	2023 RM'000	Variance %
Revenue	63,128	42,589	48.23
Profit before tax ("PBT")	<u>27,896</u>	<u>21,737</u>	28.33

The Group reported revenue of RM63.13 million for the current financial quarter under review. This represents an increase in revenue of approximately 48.23% against the corresponding financial quarter where revenue amounted to approximately RM42.59 million.

The increase in revenue was attributed to the increase in Digital infrastructure solutions and Supply, installation and maintenance services, as detailed below:

	Unaudited Individual quarter ended 31 December		
	2024 RM'000	2023 RM'000	Variance %
Revenue			
- Digital infrastructure solutions ⁽¹⁾	27,764	22,332	24.32
- Supply, installation and maintenance services	34,686	19,227	80.40
- Trading revenue	180	288	(37.50)
Lease Revenue			
- Telecommunication and network infrastructure services	<u>498</u>	<u>742</u>	(32.88)
	<u>63,128</u>	<u>42,589</u>	

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

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 28.33% (from RM21.74 million to RM27.90 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 %
	2024	2023	
	RM'000 Unaudited	RM'000 Audited	
Revenue	220,232	149,681	47.13
PBT	<u>107,207</u>	<u>82,348</u>	30.19

The Group reported revenue of RM220.23 million for the current financial year ended, as compared to RM149.68 million in the corresponding financial year, representing an increase of RM70.55 million or 47.13%.

The increase in revenue was attributed to the increase in Digital infrastructure solutions and Supply, installation and maintenance services, as detailed below:

	Year ended 31 December		Variance %
	2024	2023	
	RM'000 Unaudited	RM'000 Audited	
Revenue			
- Digital infrastructure solutions ⁽¹⁾	99,934	91,133	9.66
- Supply, installation and maintenance services	116,926	54,665	113.90
- Trading revenue	473	918	(48.47)
Lease Revenue			
- Telecommunication and network infrastructure services	<u>2,899</u>	<u>2,965</u>	(2.23)
	<u>220,232</u>	<u>149,681</u>	

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

B2. Variation of results against immediate preceding financial quarter

	Unaudited Individual quarter ended		
	31 December 2024 RM'000	30 September 2024 RM'000	Variance %
Revenue	63,128	58,018	8.81
PBT	27,896	30,179	(7.56)

The Group's revenue increased from RM58.02 million to RM63.13 million, an increase of 8.81% and the Group's PBT decrease from RM30.18 million to RM27.90 million, which was a decrease of 7.56%.

While the Group's revenue increased during the current period, PBT declined due to a lower margin one-off supply contract and cost incurred for implementing our new Digital Infrastructure Solutions projects.

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 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.

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B5. Tax expense

Tax expense comprises the following:

	Individual quarter ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Audited
Recognised in profit or loss				
Current tax expense				
Current financial period	6,018	4,982	24,431	18,594
Deferred tax expense				
Current financial period	1,025	146	2,269	558
	<u>7,043</u>	<u>5,128</u>	<u>26,700</u>	<u>19,152</u>
Effective tax rate	25.24%	23.59%	24.91%	23.26%

The effective tax rate of 24.90% for the year ended 31 December 2024 was higher than the statutory tax rate of 24% mainly due to under provision of tax expenses for 2023 which were recognised in the previous quarter and 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 6 December 2024, the Company announced the termination of the binding term sheet with Aim-Force Sdn Bhd ("Vendor") and entered into a Joint Venture Agreement ("JVA") with Aim-Force Sdn. Bhd. ("AFSB") through its 70%-owned subsidiary, Enforcemax Sdn Bhd.

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.

B7. Loans and borrowings

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

	Note	Unaudited As at 31 December 2024 RM'000	Audited As at 31 December 2023 RM'000
Non-current			
Term loans – secured	B7.1	19,580	36,948
Hire purchase liabilities	B7.1 & B7.2	1,379	603
		<u>20,959</u>	<u>37,551</u>
Current			
Term loans – secured	B7.1	20,572	19,295
Hire purchase liabilities	B7.1 & B7.2	527	290
		<u>21,099</u>	<u>19,585</u>
		<u>42,058</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 31.12.2024			
Less than one year	600	73	527
Between one to five years	1,475	96	1,379
	<u>2,075</u>	<u>169</u>	<u>1,906</u>
Audited 31.12.2023			
Less than one year	324	34	290
Between one to five years	629	26	603
	<u>953</u>	<u>60</u>	<u>893</u>

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B8. Material litigation

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

B9. Dividends

The Board of Directors have recommended an interim dividend of 0.6sen per ordinary share in respect of financial year ended 31 December 2024. The entitlement date is fixed on 14 March 2025 and payment will be made on 25 March 2025. The total dividends declared to date for the financial year ended 31 December 2024 is 2.0 sen per ordinary share (2023: 1.2 sen).

B10. Earnings per ordinary share

The calculation of earnings per ordinary share at 31 December 2024 and 31 December 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 31 December		Year ended 31 December	
	2024	2023	2024	2023
	Unaudited	Unaudited	Unaudited	Audited
Profit for the financial period attributable to owners of the Company (RM'000)	21,098	16,667	80,394	63,279
Basic earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	1,029,513	1,028,230	1,028,678	1,028,000
Effect of employee share option exercised ('000)	245	296	661	260
Adjusted weighted average number of ordinary shares ('000)	1,029,757	1,028,526	1,029,339	1,028,260
Basic earnings per ordinary share (sen)	2.05	1.62	7.81	6.15

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B10. Earnings per ordinary share (continued)

	Individual quarter ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
	Unaudited	Unaudited	Unaudited	Audited
Diluted earnings per ordinary share attributable to owners of the Company				
Based on weighted average number of ordinary shares ('000)	1,029,757	1,028,526	1,029,339	1,028,260
Effect of dilution arising from exercising of all employee share option scheme ('000) ⁽ⁱ⁾	<u>28,666⁽ⁱⁱ⁾</u>	<u>24,047</u>	<u>28,666⁽ⁱⁱ⁾</u>	<u>24,047</u>
Adjusted weighted average number of ordinary shares ('000)	<u>1,058,423</u>	<u>1,052,573</u>	<u>1,058,005</u>	<u>1,052,307</u>
Diluted earnings per ordinary share (sen)	<u>1.99</u>	<u>1.58</u>	<u>7.60</u>	<u>6.01</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.*
- (ii) *On 3 October 2024, the group offered a total number of 6,418,000 Grant 2 employee share options to the eligible executive Directors, eligible executives and eligible employees.*

B11. Profit before tax

	Individual quarter ended 31 December		Year ended 31 December	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Unaudited	Unaudited	Audited
<i>Material expenses/(income)</i>				
Depreciation of property, plant and equipment	4,187	3,246	14,800	12,447
Depreciation of right-of-use assets	276	261	1,069	971
Amortisation of intangible assets	550	453	2,074	1,267
Personnel expenses (including key management personnel):				
- Contributions to state plans	406	297	1,565	1,235
- Wages, salaries and others	4,914	4,781	18,154	13,415
- Employee share option scheme	479	571	1,815	2,351
IPO expenses	-	-	-	749
Realised foreign exchange (gain)/loss	(475)	13	(122)	185
Unrealised foreign exchange loss/(gain)	201	(46)	(97)	100
Gain on disposal of plant and equipment	-	-	(90)	-
Net loss/(reversal) on impairment of financial instruments and contract assets				
Financial assets at amortised cost	-	370	48	368

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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		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	72,119	84.85	(12,881) ⁽¹⁾	(15.15)
Expansion of R&D capabilities	Within 36 months	12,500	6.13	-	-	12,500	6.13	6,484	51.87	(6,016) ⁽¹⁾	(48.13)
Expansion into enterprise market	Within 36 months	20,000	9.81	-	-	20,000	9.81	13,039	65.20	(6,961) ⁽¹⁾	(34.80)
Network and telecommunication infrastructure expansion	Within 36 months	39,500	19.37	-	-	39,500	19.37	22,434	56.79	(17,066) ⁽¹⁾	(43.21)
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	160,968	78.95	(42,924)	(21.05)

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.