



DAYTHREE DIGITAL BERHAD

Registration No:

202201029566 (1475263-U)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE
FOURTH QUARTER ENDED 31 DECEMBER 2023**

DAYTHREE DIGITAL BERHAD
Registration No.: 202201029566 (1475263-U)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME⁽¹⁾⁽²⁾
FOR THE PERIOD ENDED 31 DECEMBER 2023**

	QUARTER ENDED		YEAR-TO-DATE ENDED	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	23,595	N/A	89,875	N/A
Cost of sales	(18,001)	N/A	(68,540)	N/A
Gross profit	5,594	N/A	21,335	N/A
Other income	272	N/A	445	N/A
Administrative expenses ⁽³⁾	(2,421)	N/A	(10,143)	N/A
Other expenses	(85)	N/A	(109)	N/A
Operating profit	3,360	N/A	11,528	N/A
Finance costs	(195)	N/A	(716)	N/A
Profit before taxation	3,165	N/A	10,812	N/A
Income tax expense	B5 (837)	N/A	(3,238)	N/A
Profit for the period	2,328	N/A	7,574	N/A
Other comprehensive income, net of tax				
Items that maybe reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations	1	N/A	4	N/A
Other comprehensive income for the period	1	N/A	4	N/A
Total comprehensive income for the period	2,329	N/A	7,578	N/A
Profit for the period attributable to:				
Owners of the Company	2,328	N/A	7,574	N/A
Total comprehensive income for the period attributable to:				
Owners of the Company	2,329	N/A	7,578	N/A
Basic earnings per share ("EPS") (sen) ⁽⁴⁾	B11 0.49	N/A	1.58	N/A

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Notes:-

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 21 June 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the third interim financial report announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company was listed on the ACE Market of Bursa Securities on 26 July 2023 and as such no interim financial report was prepared for the comparative financial period concerned.
- (3) Administrative expenses included non-recurring listing expenses of approximately RM1.2 million. For illustration purposes only, the Group's normalised financial performance after adjusting for the non-recurring listing expenses is as follows:-

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	3,165	N/A	10,812	N/A
Add: Listing expenses	-	N/A	1,149	N/A
Adjusted Profit before taxation	3,165	N/A	11,961	N/A

- (4) EPS is calculated based on the Company's share capital of 480,000,000 ordinary shares after the Company was listed on the ACE Market of Bursa Securities on 26 July 2023.
- (5) N/A – Not Applicable.

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DAYTHREE DIGITAL BERHAD
Registration No.: 202201029566 (1475263-U)
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾
AS AT 31 DECEMBER 2023

	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Plant and equipment	5,741	5,147
Right-of-use assets	14,113	7,727
Total non-current assets	19,854	12,874
Current assets		
Trade and other receivables	18,906	15,456
Contract assets	15,421	6,202
Cash and short-term deposits	33,586	11,582
Total current assets	67,913	33,240
TOTAL ASSETS	87,767	46,114
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	51,710	2,000
Exchange reserve	5	1
Reorganisation reserve	(18,143)	-
Retained earnings	32,048	24,474
Total equity	65,620	26,475
LIABILITIES		
Non-current liability		
Lease liabilities	12,504	6,818
Total non-current liability	12,504	6,818
Current liabilities		
Borrowings	-	4,000
Lease liabilities	2,442	1,522
Current tax liabilities	1,040	2,266
Trade and other payables	5,494	4,487
Contract liabilities	667	546
Total current liabilities	9,643	12,821
TOTAL LIABILITIES	22,147	19,639
TOTAL EQUITY AND LIABILITIES	87,767	46,114
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾	0.14	0.06

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Notes:-

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 21 June 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's share capital of 480,000,000 ordinary shares after the Company was listed on the ACE Market of Bursa Securities on 26 July 2023.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾⁽²⁾
FOR THE PERIOD ENDED 31 DECEMBER 2023

	Share Capital RM'000	Exchange reserve RM'000	Reorganisation reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
At 1 January 2023 (Audited)	2,000	1	-	24,474	26,475
Total comprehensive income for the period	-	4	-	7,574	7,578
Transactions with owners					
Issuance of shares	33,120	-	-	-	33,120
Share issue expenses	(1,553)	-	-	-	(1,553)
Share issue for acquisition of a subsidiary	20,143	-	-	-	20,143
Reorganisation reserve	-	-	(18,143)	-	(18,143)
Invested equity	(2,000)	-	-	-	(2,000)
	49,710	-	(18,143)	-	31,567
At 31 December 2023 (Unaudited)	51,710	5	(18,143)	32,048	65,620

Notes:-

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 21 June 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) As this is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023, there are no comparative figures for the preceding year's corresponding period.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾⁽²⁾
FOR THE PERIOD ENDED 31 DECEMBER 2023

	CURRENT YEAR-TO-DATE 31.12.2023 RM'000	PRECEDING YEAR-TO-DATE 31.12.2022⁽²⁾ RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	10,812	N/A
Adjustments for:		
Depreciation of plant and equipment	917	N/A
Depreciation of right-of-use assets	2,327	N/A
Impairment loss on trade receivables	59	N/A
Finance cost	769	N/A
Finance income	(368)	N/A
Unrealised loss on foreign exchange	*(3)	N/A
Operating profit before changes in working capital	14,516	N/A
Changes in working capital:		
Trade and other receivables	(3,509)	N/A
Contract assets	(9,219)	N/A
Trade and other payables	1,007	N/A
Contract liabilities	121	N/A
Net cash generated from operations	2,916	N/A
Income tax paid, net of refund	(4,464)	N/A
Interest paid	(120)	N/A
Net cash used in operating activities	(1,668)	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	368	N/A
Change in pledged deposits	1,387	N/A
Purchase of plant and equipment	(1,511)	N/A
Net cash from investing activities	244	N/A
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from issuance of shares	31,567	N/A
Repayment of short-term borrowings	(4,000)	N/A
Payment of lease liabilities	(2,107)	N/A
Interest paid	(649)	N/A
Net cash from financing activities	24,811	N/A
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,387	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING	8,130	N/A
EFFECTS OF EXCHANGE RATE CHANGES	4	N/A
CASH AND CASH EQUIVALENTS AT END	31,521	N/A
Represented by:		
Deposits with financial institutions	2,065	1N/A
Cash and bank balances	31,521	N/A
	33,586	N/A
Less: Fixed deposits pledged to a licensed bank	(2,065)	N/A
	31,521	N/A

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Notes:-

- (1) The above Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 21 June 2023 and the accompanying explanatory notes attached to this interim financial report.
- (2) As this is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023, there are no comparative figures for the preceding year's corresponding period.
- (3) * Denotes less than RM1,000.
- (4) N/A – Not Applicable.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

This interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Rule 9.22 and Appendix 9B of Listing Requirements of Bursa Securities.

This is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023 announced by the Company in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding period.

This interim financial report should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 21 June 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Accountants' Report as disclosed in the Prospectus dated 21 June 2023 except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

Effective for annual period beginning on or after 1 January 2023

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current

Amendments to MFRS 101 Presentation of Financial Statements: Disclosure 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

Effective date yet to be confirmed

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group upon adoption.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A3. Auditors' Report on Preceding Annual Financial Statements

Daythree Digital Berhad was incorporated under the Companies Act 2016 on 11 August 2022. The Company completed the acquisition of its subsidiaries, Daythree Business Services Sdn Bhd, Daythree Business Services Pte Ltd and Daythree Business Solutions Sdn Bhd on 9 May 2023.

There were no qualifications on the audited financial statements of the Group for the financial year ended 31 December 2022.

A4. Seasonal or Cyclical Factors

The Group's operation was not significantly affected by any unusual seasonal or cyclical factors.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 31 December 2023.

A6. Material Changes in Estimates

There were no material changes in estimates for the current quarter and financial year-to-date.

A7. Debt and Equity Securities

The gearing ratio of the Group as at 31 December 2023 are as follows:

	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
Total debt (excluding lease liabilities)	-	4,000
Total equity	65,620	26,475
Gearing ratio (times)	-	0.15

The Group reported zero gearing ratio as at 31 December 2023. There were no borrowings (excluding lease liabilities) as at 31 December 2023 as the Group had sufficient internally generated funds for the Group's operations.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A8. Dividend Paid

There was no dividend paid during the current financial quarter under review.

A9. Segmental Information

The Group's revenue is segmented as follows:

Revenue by client segment

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>31.12.2023</u>	<u>31.12.2022⁽¹⁾</u>	<u>31.12.2023</u>	<u>31.12.2022⁽¹⁾</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Energy & utilities	10,956	N/A	39,888	N/A
Fintech & financial services	4,268	N/A	16,870	N/A
Telecommunications & media	3,269	N/A	14,990	N/A
E-Commerce & Retail	2,245	N/A	9,197	N/A
Travel & hospitality	1,798	N/A	5,400	N/A
Others	1,059	N/A	3,530	N/A
Total	23,595	N/A	89,875	N/A

Notes:-

(1) As this is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023, there are no comparative figures for the preceding year's corresponding period.

(2) N/A – Not Applicable.

A10. Material events subsequent to the end of the reporting period

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

A11. Changes in the composition of the Group

There were no material changes in the composition of the Group to the end of the current financial quarters under review that have not been reflected in this interim financial report.

A12. Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets in the Group as at the date of this interim financial report.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A13. Related Party Transactions Disclosures

There were no related party transactions during the current financial quarter under review.

A14. Capital Commitments

	31.12.2023	31.12.2022
	Unaudited	Audited
	RM'000	RM'000
<u>Approved and contracted for:</u>		
- Plant and equipment	-	495

Save as disclosed above, there were no other material capital commitments as at 31 December 2023.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Financial Performance

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.12.2023	31.12.2022⁽¹⁾	31.12.2023	31.12.2022⁽¹⁾
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	23,595	N/A	89,875	N/A
Gross profit	5,594	N/A	21,335	N/A
Profit before taxation	3,165	N/A	10,812	N/A
Profit after taxation	2,328	N/A	7,574	N/A
Profit attributable to owners of the Company	<u>2,328</u>	<u>N/A</u>	<u>7,574</u>	<u>N/A</u>

Notes:-

- (1) As this is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023, there are no comparative figures for the preceding year's corresponding period.
- (2) N/A – Not Applicable.

The Group recorded revenue of approximately RM89.9 million for the financial year-to-date mainly contributed by energy and utilities segment which accounted for RM39.9 million, representing 44.4% of the total revenue.

The Group recognised profit before taxation of RM10.8 million for financial year-to-date after deducting administrative expenses, other expenses and finance cost of RM11.0 million. Excluding non-recurring listing expenses of RM1.2 million incurred in financial year-to-date, the adjusted normalised profit before taxation for financial year-to-date would be RM12.0 million. The administrative expenses mainly consist of listing expenses, staff cost, depreciation of right-of-use assets and depreciation of plant and equipment.

The Group recognised profit after taxation of RM7.6 million for financial year-to-date, reflecting a deduction of RM3.2 million in tax expenses.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B2. Comparison with Immediate Preceding Quarter's Results

	<u>CURRENT QUARTER</u> 31.12.2023 RM'000	<u>IMMEDIATE PRECEDING</u> <u>QUARTER</u> 30.09.2023 RM'000
Revenue	23,595	23,955
Gross profit	5,594	5,004
Profit before taxation	3,165	1,812

The Group recorded revenue of approximately RM24.0 million for the current quarter under review mainly contributed by energy and utilities segment which accounted for RM11.0 million (preceding quarter: RM11.0 million).

The gross profit margin has increased from 20.9% in the preceding quarter to 23.7% for the current quarter under review. The increase in gross profit margin was mainly due to improvements in operational efficiency during the current quarter.

The Group reported a profit before taxation of RM3.2 million for the current quarter, marking an increase of RM1.4 million compared to the preceding quarter. This growth is primarily attributed to the absence of non-recurring listing expenses amounting to RM1.2 million, which had been charged to the preceding quarter.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B3. Prospects of the Group

We believe that our prospects in the Global Business Services (“**GBS**”) services industry are favourable, taking into account our competitive strengths and business strategies as set out in Section 7.16 and Section 7.18 of the Company’s Prospectus dated 21 June 2023 respectively, as well as the industry outlook as set out in the Independent Market Researcher Report by Protégé Associates Sdn Bhd as set out below.

The global economic recovery, driven in part by widespread vaccination efforts, has also resulted in Malaysia’s economy maintaining its growth momentum. In 2022, the Malaysia economy expanded by 8.7%, following a growth rate of 3.1% in the previous year. Additionally, the local GBS industry witnessed growth, increasing from RM22.1 billion in 2021 to RM23.4 billion in 2022.

Factors boosting the growth within the GBS industry is likely to come from businesses pursuing a leaner capital structure and outsourcing more and more business supporting processes and activities to GBS providers. Malaysia’s aspiration to attain a digital economy is also expected to lead to more businesses adopting digitisation in their operations, and thus leading to increased demand for GBS services. At the same time, by having customers from a broad range of end-user markets, which each customer potentially having several business units, the local GBS industry stands to benefit from a large pool of potential demand for GBS services.

In particular, as more businesses move towards digitisation and adopt GBS, providers of contact centre as a service are expected to be key beneficiaries due to its relatively low-cost investment as well as scalability as businesses grow and expand operations. On the flip side, the geopolitical tension between economic superpowers namely China and the United States of America, as well as the wars between Russia and Ukraine, and Israel and Palestine are expected to negatively impact global economic activities. As an industry also serving the global community, any developments that may hinder economic growth is expected to dampen the growth of the Malaysian GBS industry.

From the supply side, growth of the local GBS industry is expected to be supported by the Government’s aspiration to attain a digital economy, of which more demand from GBS is expected to help businesses digitise. At the same time, Malaysia has a mature technology infrastructure and is complemented by a steady pool of qualified and quality workforce that is expected to accelerate the development of the nation into a leading digital hub in the region. Furthermore, Malaysia is among one of the preferred locations for business services support due to the country’s ability to provide cost effectiveness to both local and foreign businesses, as well as having only limited natural disasters which translates to fewer business disruptions.

The Malaysian GBS industry is projected to maintain its growth trajectory and is expected to grow from RM24.8 billion in 2023 to reach RM31.7 billion in 2027, representing a CAGR of 6.3% during this period.

Based on the above, the Board of Directors of the Company (“**Board**”) is optimistic about the future prospects of the Group.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B4. Variance of actual profits from profit forecast

The Group did not issue any profit forecast or profit guarantee during the financial year-to-date under review.

B5. Taxation

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.12.2023	31.12.2022⁽¹⁾	31.12.2023	31.12.2022⁽¹⁾
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Income tax expense				
- Current period	837	N/A	3,238	N/A
Effective tax rate ⁽²⁾ (%)	26.4	N/A	29.9	N/A
Statutory tax rate (%)	24.0	N/A	24.0	N/A

Notes:-

- (1) As this is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023, there are no comparative figures for the preceding year's corresponding period.
- (2) The Group's effective tax rate for the year-to-date ended 31 December 2023 was higher than the statutory tax rate of 24.0% mainly due to non-qualifying renovation costs of CX delivery offices amounting to RM3.4 million and non-deductible listing expenses of RM1.2 million.
- (3) N/A – Not Applicable.

The Company has been granted Pioneer Status and the statutory income was exempted from income tax up to 15 February 2022. The Company subsequently applied for extension of the Pioneer Status for the second 5 years tax exemption (from 16 February 2022 to 15 February 2027), and had obtained Malaysian Investment Development Authority's approval-in-principle on 18 January 2023. The exemption of the second 5 years tax exemption will retrospectively apply to our Group upon the gazettment of the relevant tax exemption provisions by the Government. Until such time, statutory taxation shall continue to apply to the Company.

B6. Status of Corporate Proposals

On 26 July 2023, the Company was admitted to the Official List of Bursa Securities and the Company's entire enlarged share capital of 480,000,000 shares was listed and quoted on the ACE Market of Bursa Securities.

Save as disclosed above, there were no other corporate proposals pending completion as at the date of this interim financial report.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B7. Utilisation of proceeds from IPO

The gross proceeds of RM33.1 million from the IPO is intended to be utilised in the following manner:

Details of utilisation of proceeds	Proposed utilisation	Actual utilisation	Re-allocation	Balance to be utilised	Estimated timeframe for utilisation upon listing⁽¹⁾
	RM'000	RM'000	RM'000	RM'000	
Office expansion	7,100	-	-	7,100	Within 24 months
Recruit industry experts to capture growth opportunities	3,020	(613)	-	2,407	Within 24 months
Capital expenditure in networking infrastructure, IT hardware and software	3,000	(311)	-	2,689	Within 12 months
Branding, marketing and promotional activities	1,500	(10)	-	1,490	Within 12 months
Working capital	14,700	(3,280)	67 ⁽²⁾	11,487	Within 12 months
Estimated listing expenses	3,800	(3,733)	(67) ⁽²⁾	-	Within 1 month
	33,120	(7,947)	-	25,173	

Notes:-

- (1) From the date of listing of the Company.
- (2) Surplus of RM0.067 million (of the RM3.8 million allocated for the estimated listing expenses) was re-allocated to the working capital requirements of the Group, in accordance with the Company's Prospectus dated 21 June 2023.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B8. Group borrowings and debt securities

	31.12.2023 Unaudited RM'000	31.12.2022 Audited RM'000
Non-current:		
Lease liabilities	12,504	6,818
Current:		
Borrowings	-	4,000
Lease liabilities	2,442	1,522
	<u>2,442</u>	<u>5,522</u>
Total borrowings and debt securities	<u>14,946</u>	<u>12,340</u>

B9. Material Litigations

There were no material litigations by or against the Group as at 31 December 2023.

B10. Dividends

No dividend has been declared or proposed for payment by the Board during the financial period under review.

B11. Earnings Per Share ("EPS")

The basic EPS for the current quarter under review and financial year-to-date are computed as follows:

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	31.12.2023 Unaudited RM'000	31.12.2022⁽¹⁾ Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2022⁽¹⁾ Unaudited RM'000
Profit attributable to owners of the Company	2,329	N/A	7,578	N/A
Number of ordinary shares in issue ('000)	480,000	N/A	480,000	N/A
Basic EPS (sen) ⁽²⁾	<u>0.49</u>	<u>N/A</u>	<u>1.58</u>	<u>N/A</u>

Notes:-

- (1) As this is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023, there are no comparative figures for the preceding year's corresponding period.
- (2) Basic EPS is calculated based on the Company's issued share capital of 480,000,000 ordinary shares that was listed on the ACE Market of Bursa Securities.
- (3) N/A – Not Applicable.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B12. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following items have been charged or credited in arriving at the profit before taxation for the current quarter and the profit before taxation for the financial year-to-date:-

	<u>QUARTER ENDED</u>		<u>YEAR-TO-DATE ENDED</u>	
	<u>31.12.2023</u>	<u>31.12.2022⁽¹⁾</u>	<u>31.12.2023</u>	<u>31.12.2022⁽¹⁾</u>
	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>	<u>Unaudited</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
After charging:				
Depreciation of plant and equipment	259	N/A	917	N/A
Depreciation of right-of-use assets	637	N/A	2,327	N/A
Employee benefits expense	18,130	N/A	69,399	N/A
Expenses relating to lease of low value assets	95	N/A	583	N/A
Impairment loss on trade receivables	59	N/A	59	N/A
Interest expense on lease liabilities	177	N/A	649	N/A
Listing expenses	-	N/A	1,149	N/A
Realised loss on foreign exchange	10	N/A	59	N/A
Unrealised loss on foreign exchange	* ⁽³⁾	N/A	3	N/A
And crediting:				
Unrealised gain on foreign exchange	-	N/A	-	N/A
Realised gain on foreign exchange	(37)	N/A	(56)	N/A
Interest income	(220)	N/A	(369)	N/A

Notes:-

- (1) As this is the Company's third interim financial report on the unaudited condensed consolidated financial results for the fourth quarter ended 31 December 2023, there are no comparative figures for the preceding year's corresponding period.
- (2) N/A – Not Applicable.
- (3) * Denotes less than RM1,000.

B13. Authorisation for Issue

This interim financial report was authorised for issue by the Board on 21 February 2024.