



RADIANT GLOBALTECH BERHAD

(Registration No.: 200301018877 (621297-A))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019

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**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER
2019⁽¹⁾**

	UNAUDITED CURRENT YEAR QUARTER 31.12.19 RM'000	UNAUDITED PRECEDING YEAR QUARTER 31.12.18 RM'000	UNAUDITED CURRENT YEAR TO DATE 31.12.19 RM'000	AUDITED PRECEDING YEAR TO DATE 31.12.18 RM'000
Revenue	29,759	14,350	81,700	61,876
Cost of sales	(20,110)	(8,214)	(48,720)	(34,010)
Gross profit	9,649	6,136	32,980	27,866
Other income	485	319	1,519	561
	10,134	6,455	34,499	28,427
Selling and distribution expenses	(377)	(289)	(1,339)	(399)
Administrative expenses	(1,410)	(1,532)	(5,006)	(5,152)
Staff costs	(4,665)	(3,823)	(18,457)	(16,321)
Other expenses	(638)	(382)	(1,579)	(1,922)
Finance costs	(44)	(155)	(183)	(489)
Net reversal/ (impairment losses) on financial assets	64	47	(24)	186
Share of net losses of equity accounted in an associate	-	(102)	-	(140)
Profit before taxation	3,064	219	7,911	4,190
Income tax expense	(1,062)	(118)	(2,072)	(1,192)
Profit after taxation	2,002	101	5,839	2,998
Other comprehensive income, net of tax <i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	(28)	(1)	(12)	7
Total comprehensive income for the financial period/year	1,974	100	5,827	3,005
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	2,010	101	5,544	2,998
Non-controlling interest	(8)	-	295	-
	2,002	101	5,839	2,998

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER
2019⁽¹⁾ (CONT'D)**

	UNAUDITED CURRENT YEAR QUARTER 31.12.19 RM'000	UNAUDITED PRECEDING YEAR QUARTER 31.12.18 RM'000	UNAUDITED CURRENT YEAR TO DATE 31.12.19 RM'000	AUDITED PRECEDING YEAR TO DATE 31.12.18 RM'000
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Company	1,982	100	5,532	3,005
Non-controlling interest	(8)	-	295	-
	<u>1,974</u>	<u>100</u>	<u>5,827</u>	<u>3,005</u>
Earnings per share attributable to owners of the Company:-				
- Basic (Sen)	0.38 ⁽²⁾	0.02	1.06 ⁽²⁾	0.66
- Diluted (Sen)	<u>0.38⁽²⁾</u>	<u>0.02</u>	<u>1.06⁽²⁾</u>	<u>0.66</u>

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.
- (2) The basic earnings per share is computed based on profit after taxation attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue as at 31 December 2019. The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible securities outstanding.

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER
2019⁽¹⁾**

	Unaudited 31.12.19 RM'000	Audited 31.12.18 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	10,125	11,167
Intangible assets	2,228	-
Right of use assets	2,370	-
Deferred tax assets	926	611
	<u>15,649</u>	<u>11,778</u>
CURRENT ASSETS		
Inventories	5,810	6,079
Trade receivables	30,635	13,188
Other receivables, deposits and prepayments	2,889	5,061
Amount owing by related parties	-	187
Current tax assets	1,680	1,972
Fixed deposits with licensed banks	18,957	18,611
Cash and bank balances	20,620	17,023
	<u>80,591</u>	<u>62,121</u>
Non-current assets classified as held for sale	-	202
	<u>80,591</u>	<u>62,323</u>
TOTAL ASSETS	<u>96,240</u>	<u>74,101</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,153	48,153
Merger deficit	(13,681)	(13,681)
Foreign exchange translation reserve	(246)	(234)
Retained profits	29,402	24,383
Shareholders' fund	<u>63,628</u>	<u>58,621</u>
Non-controlling interest	819	-
TOTAL EQUITY	<u>64,447</u>	<u>58,621</u>
NON-CURRENT LIABILITIES		
Hire purchase payables	319	497
Lease liabilities	64	-
Term loans	727	1,415
Deferred revenue	532	586
Deferred tax liabilities	112	-
	<u>1,754</u>	<u>2,498</u>
CURRENT LIABILITIES		
Trade payables	17,623	4,010
Other payables and accruals	11,128	7,888
Amount owing to related parties	4	16
Amount owing to directors	106	162
Hire purchase payables	179	170
Lease liabilities	167	-
Term loans	673	592
Current tax liabilities	159	144
	<u>30,039</u>	<u>12,982</u>
TOTAL LIABILITIES	<u>31,793</u>	<u>15,480</u>
TOTAL EQUITY AND LIABILITIES	<u>96,240</u>	<u>74,101</u>

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER
2019⁽¹⁾ (CONT'D)**

	Unaudited 31.12.19 RM'000	Audited 31.12.18 RM'000
Number of issued shares ('000)	525,200	525,200
Net assets per ordinary share attributable to owners of the Company (Sen)	<u>12.12</u>	<u>11.16</u>

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

	<---- Non-Distributable ---->			Distributable	Attributable	Non-	Total
	Share	Merger	Foreign	Retained	to	controlling	Equity
	Capital	Deficit	Exchange	Profits	Owners of	interest	
			Translation		the		
			Reserve		Company		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1.1.18	19,856	(13,681)	(241)	21,426	27,360	-	27,360
Changes in accounting policies	-	-	-	(41)	(41)	-	(41)
Balance at 1.1.2018 (restated)	19,856	(13,681)	(241)	21,385	27,319	-	27,319
Profit after taxation	-	-	-	2,998	2,998	-	2,998
Other comprehensive income for the financial year:							
- Foreign currency translation differences	-	-	7	-	7	-	7
Total comprehensive income for the financial year	-	-	7	2,998	3,005	-	3,005
Contribution by to owners of the Company:							
- Issuance of shares	28,297	-	-	-	28,297	-	28,297
Balance as at 31.12.18 (Audited)	48,153	(13,681)	(234)	24,383	58,621	-	58,621
Balance as at 1.1.19	48,153	(13,681)	(234)	24,383	58,621	-	58,621
Profit after taxation	-	-	-	5,544	5,544	295	5,839
Other comprehensive income for the financial year:							
- Foreign currency translation differences	-	-	(12)	-	(12)	-	(12)
Total comprehensive income for the financial year	-	-	(12)	5,544	5,532	295	5,827
Distribution to owners of the Company:							
- Dividends	-	-	-	(525)	(525)	-	(525)
Non-controlling interest on acquisition of a subsidiary company	-	-	-	-	-	524	524
Balance as at 31.12.19 (Unaudited)	48,153	(13,681)	(246)	29,402	63,628	819	64,447



RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019⁽¹⁾
(CONT'D)**

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER AND YEAR-
TO-DATE ENDED 31 DECEMBER 2019⁽¹⁾**

	UNAUDITED CURRENT YEAR TO DATE 31.12.19 RM'000	AUDITED PRECEDING YEAR TO DATE 31.12.18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,911	4,190
Adjustments for:		
Amortisation of intangible assets	557	-
Depreciation of property, plant and equipment	859	672
Gain on disposal of an associate	(298)	-
Interest income	(861)	(527)
Interest expenses	183	489
Inventories written down	1,025	466
Impairment losses on trade receivables	46	144
Listing expenses	-	1,096
Share of net losses of equity accounted in an associate	-	140
Unrealised loss on foreign exchange	68	31
Waiver of amount due to a Director	(247)	-
Write off of trade receivables	-	6
Reversal of impairment losses on trade receivables	(22)	(330)
Operating profit before working capital changes	9,221	6,377
(Increase) / Decrease in inventories	(757)	3,152
(Increase) / Decrease in trade and other receivables	(15,303)	6,631
Increase / (Decrease) in trade and other payables	16,277	(9,160)
Decrease / (Increase) in amount owing by related parties	187	(134)
Decrease in amount owing to related parties	(12)	(33)
CASH FROM OPERATIONS	9,613	6,833
Income tax paid	(1,966)	(2,405)
Interest paid	(183)	(489)
NET CASH FROM OPERATING ACTIVITIES	7,464	3,939
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,523)	(733)
Interest received	861	527
Placement of fixed deposits with tenure more than 3 months	(1,079)	(11,000)
Decrease in pledged fixed deposits with licensed banks	(17)	506
Acquisition of subsidiaries, net of cash	(1,526)	-
Disposal of an associate, net of cash	500	-
NET CASH FOR INVESTING ACTIVITIES	(3,784)	(10,700)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Advances from directors	192	162
Payment of listing expenses	-	(1,948)
Proceed from issuance of ordinary shares	-	29,458
Repayment of term loans	(607)	(7,365)
Repayment of hire purchase obligations	(170)	(162)
Repayment of lease liabilities	(162)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(747)	20,145

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER AND YEAR-
TO-DATE ENDED 31 DECEMBER 2019⁽¹⁾ (CONT'D)**

	UNAUDITED CURRENT YEAR TO DATE 31.12.19 RM'000	AUDITED PRECEDING YEAR TO DATE 31.12.18 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,933	13,384
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(86)	(53)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	24,192	10,861
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>27,039</u>	<u>24,192</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR COMPRISES:		
Cash and bank balances	20,620	18,611
Fixed deposits with licensed banks	18,957	17,023
	<u>39,577</u>	<u>35,634</u>
Less: Fixed deposits pledged to licensed banks	(459)	(442)
Fixed deposits with tenure of more than 3 months	<u>(12,079)</u>	<u>(11,000)</u>
	<u>27,039</u>	<u>24,192</u>

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2018 and the accompanying explanatory notes attached to this interim financial report.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019**A1. Basis of Preparation**

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting, International Financial Reporting Standards (“IFRS”) 34, Interim Financial Reporting and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended (“FYE”) 31 December 2018. These explanatory notes attached to the interim financial report provide explanations of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the FYE 31 December 2018.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report is consistent with those adopted in the audited financial statements for FYE 31 December 2018 except for the adoption of the following MFRS and Amendments to MFRS which came into effect for annual periods beginning on or after 1 January 2019 and are applicable for the Group’s interim financial report for the quarter and year-to-date ended 31 December 2019, as disclosed below:

MFRSs and/or IC Interpretations (including the Consequential Amendments)

IC Interpretation 23 Uncertainty over Income Tax Treatments
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRS Standards 2015 - 2017 Cycles
MFRS 16 Leases

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) do not have any material impact on the financial performance and position of the Group upon their initial application.

MFRS 16 Leases will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

A2. Changes in Accounting Policies (Cont'd)

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

The Group has adopted MFRS 16 Leases on 1 January 2019, and there is no material impact on the financial statement of the Group upon its application.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year ended 31 December 2019:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition on material	1 January 2020
MFRS 17 Insurance Contracts	1 January 2021

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is not expected to have a material impact on the financial statements of the Group upon their initial application.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2018.

A4. Seasonal or Cyclical Factors

The business operations of the Group during the current financial quarter under review were not materially affected by any seasonal or cyclical factors.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items for the current financial quarter under review.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019 (CONT'D)

A6. Changes in Estimates

There were no material changes in estimates for the current financial quarter under review.

A7. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial quarter under review.

A8. Dividends Paid

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

A9. Segmental Reporting

The Group's operating segments information are as follows:-

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
Current year quarter ended 31 December 2019			
Revenue			
External revenue	25,299	4,460	29,759
Inter-segment revenue	37	69	106
	<u>25,336</u>	<u>4,529</u>	<u>29,865</u>
Consolidation adjustments			(106)
Consolidated revenue			<u>29,759</u>
Results			
Segmental profit before interest and taxation	1,363	1,542	2,905
Interest income			203
Finance costs			(44)
Consolidated profit before taxation			<u>3,064</u>
Income tax expense			(1,062)
Consolidated profit after taxation			<u>2,002</u>

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019 (CONT'D)

A9. Segmental Reporting (Cont'd)

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
Preceding year quarter ended 31 December 2018			
Revenue			
External revenue	12,373	1,977	14,350
Inter-segment revenue	410	377	787
	<u>12,783</u>	<u>2,354</u>	<u>15,137</u>
Consolidation adjustments			(787)
Consolidated revenue			<u>14,350</u>
Results			
Segmental profit before interest and taxation	212	(54)	158
Interest income			318
Share of net losses of equity accounted in an Associate			(102)
Finance costs			(155)
Consolidated profit before taxation			<u>219</u>
Income tax expense			(118)
Consolidated profit after taxation			<u>101</u>

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
Current year to date ended 31 December 2019			
Revenue			
External revenue	65,765	15,935	81,700
Inter-segment revenue	268	678	946
	<u>66,033</u>	<u>16,613</u>	<u>82,646</u>
Consolidation adjustments			(946)
Consolidated revenue			<u>81,700</u>
Results			
Segmental profit before interest and taxation	2,908	4,325	7,233
Interest income			861
Finance costs			(183)
Consolidated profit before taxation			<u>7,911</u>
Income tax expense			(2,072)
Consolidated profit after taxation			<u>5,839</u>

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 DECEMBER 2019 (CONT'D)

A9. Segmental Reporting (Cont'd)

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
Preceding year to date ended 31 December 2018			
Revenue			
External revenue	53,363	8,513	61,876
Inter-segment revenue	818	1,261	2,079
	54,181	9,774	63,955
Consolidation adjustments			(2,079)
Consolidated revenue			61,876
Results			
Segmental profit before interest and taxation	3,574	1,814	5,388
Interest income			527
Share of net losses of equity accounted in an Associate			(140)
Finance costs			(489)
IPO expenses	-	(1,096)	(1,096)
Consolidated profit before taxation			4,190
Income tax expense			(1,192)
Consolidated profit after taxation			2,998

A10. Significant Events Subsequent to the End of the Interim Financial Period

On 8 January 2020, the Company entered into a Shareholders Agreement with Simat Technologies Public Company Limited, Phenpuk Chintanapat, Thammanoon Korkiatwanich and Thanapoom Khetraksa to jointly form a new company in Thailand as the Special Purpose Vehicle to undertake the business of sale of hardware, software, network equipment, development of information technology solutions and maintenance services in Thailand.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A12. Fair Value of Financial Instruments

There were no gain or losses arising from fair value changes for all financial assets and liabilities for the current financial quarter under review.

A13. Capital Commitments

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

A14. Contingent Liabilities

The Group has no contingent liabilities as at the date of this report.

A15. Related Party Transactions

During the current financial quarter, the Board of Directors is of the opinion that there were no material related party transactions which would have a significant impact on the financial position and business of the Group.

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group Performance

For the quarter ended 31 December 2019 (4Q19)

For the fourth quarter ended 31 December 2019 (4Q19), the Group reported 107.39% stronger revenue of RM29.76 million from RM14.35 million in the preceding year corresponding quarter ended 31 December 2018 (4Q18).

RM25.30 million or 85.01% of the revenue in 4Q19 was contributed by the Hardware and Maintenance segment, while the remaining RM4.46 million or 14.99% was derived from the Software segment.

As a comparison, RM12.37 million or 86.20% of the Group's revenue in 4Q18 was derived from the Hardware and Maintenance segment, while the remaining RM1.98 million or 13.80% was from the Software Segment.

The Group recorded 57.17% higher gross profit to RM9.65 million in 4Q19 from RM6.14 million in 4Q18. Notwithstanding the higher gross profit, overall gross profit margin reduced to 32.43% in 4Q19 from 42.79% in 4Q18. This drop was mainly due to lower gross profit margin in the Hardware and Maintenance segment for goods delivered during the quarter where these projects carried low profit margin compared to others. In line with higher revenue and gross profit, the Group recorded higher profit before tax of RM3.06 million in 4Q19, from RM0.22 million in 4Q18.

For the twelve months ended 31 December 2019 (4CQ19)

For 4CQ19, the Group recorded 32.03% higher revenue of RM81.70 million from RM61.88 million in the previous corresponding twelve months ended 31 December 2018 (4CQ18).

Of total 4CQ19 revenue, RM65.77 million or 80.50% was contributed by the Hardware and Maintenance segment, while the balance RM15.93 million or 19.50% was derived from the Software segment.

As a comparison, RM53.36 million or 86.23% of 4CQ18 revenue was contributed by the Hardware and Maintenance segment, while the remaining RM8.52 million or 13.77% was from the Software segment.

The Group recorded 18.34% higher gross profit to RM32.98 million in 4CQ19 from RM27.87 million in 4CQ18. Notwithstanding the higher gross profit, overall gross profit margin reduced to 40.37% in 4Q19 from 45.04% in 4Q18. This drop was mainly due to lower gross profit margin for the Hardware and Maintenance segment where low profit margin on sales of hardware. In line with higher revenue and gross profit, the Group recorded higher profit before tax of RM7.91 million in 4Q19, from RM4.19 million in 4Q18.

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B2. Comparison with Immediate Preceding Quarter Results

	Quarter Ended		<--- Changes --->	
	31.12.19 RM'000	30.09.19 RM'000	RM'000	%
Revenue	29,759	21,870	7,889	36.07
Profit before taxation	<u>3,064</u>	<u>2,792</u>	<u>272</u>	<u>9.74</u>

The Group's revenue of RM29.76 million for the current quarter under review was 36.07% higher than the RM21.87 million recorded in the previous quarter due to higher revenue contribution from Hardware and Maintenance segment.

The Group's profit before tax of RM3.06 million increased 9.74% from RM2.79 million achieved in the previous quarter. This was mainly due to higher revenue from Hardware and Maintenance segment despite lower gross profit margin in this segment.

B3. Prospects

The Group maintains its three-pronged strategy of increasing its range of products and services, entering new market segments and expanding its geographical footprint.

The Group will maintain its efforts to increase its product portfolio, through in-house research and development, and leveraging on the range of solutions of recently-acquired companies, Adaptive POS Sdn Bhd and Infoconnect Commerce Sdn Bhd. The Group also had entered into a reseller agreement with Strongpoint Technology AB, which provides the Group with the exclusive rights to sell, distribute and provide support for their products and services within Malaysia and Singapore for a period of 24 months from March 2019.

The Group plans to diversify its customer base to different retail customer types such as shopping centre retailers, airport retailers and utility retailers. The Group also intends to grow its clientele to further penetrate food and beverage (F&B) retail chains, and serve manufacturing and industrial (non-retail) corporations in the Southeast Asia (SEA) region.

The Group will continue its expansion in SEA region. This is on the back of the region's large population, rapid urbanisation and strong economic growth, which are anticipated to lead retailers to convert from manual systems to automated retail technology solutions.

In addition, the Group had in May 2019 added a Singapore-based F&B customer to its portfolio and has rolled out front-end point-of-sales (POS) equipment and cloud based back-end and mobile retail services to all its 26 outlets in Singapore. Under the agreement, the Group would provide the POS retail solutions for a period of three years.

In July 2019, the Group was awarded a RM20.0 million contract from LG CNS Malaysia Sdn Bhd to supply retail technology hardware and provide maintenance services over a period of 42 months.

In October 2019, the Group had also registered approximately 150 trade suppliers of Manjaku Baby Mall, the largest one-stop baby mall chain store in Malaysia with 26 stores nationwide on-board AX Retail B2B portal.

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects (Cont'd)

Having already set food in Cambodia and Vietnam, the Group had on 8 January 2020 entered into a joint venture with Thailand's Simat Technologies Public Company Limited to provide point of sales equipment and retail software solutions to retailers in Thailand.

We are mindful of the rapid technology advancement and we are witnessing more home-grown chains switching to digital technologies to boost operational efficiency and improve quality of products. Being able to provide the full scale of services from front-end retail hardware equipment to cloud-based back-end and mobile retail services, we are well positioned to capture these opportunities.

With the above scenarios and the recently secured contracts, the Board expects the Group to perform satisfactorily for the 2020 financial year.

B4. Profit Forecast

The Group did not issue any profit forecast or guarantee during the current financial quarter under review.

B5. Income Tax Expense

The breakdown of income tax expense are as follows:-

	Quarter Ended		Year-To-Date Ended	
	31.12.19 RM'000	31.12.18 RM'000	31.12.19 RM'000	31.12.18 RM'000
Income tax expense	851	(230)	2,195	1,098
Under provision in previous financial year	-	61	79	214
Deferred tax	211	287	(202)	(120)
	<u>1,062</u>	<u>118</u>	<u>2,072</u>	<u>1,192</u>
Effective tax rate (%) ⁽¹⁾	<u>34.66</u>	<u>53.88</u>	<u>26.19</u>	<u>28.45</u>

Notes:

- (1) The Group's effective tax rate for the fourth quarter ended 31 December 2019 of 34.66% is higher than the statutory tax rate of 24.00% mainly due to deferred tax liabilities, reversal of deferred tax assets and non-deductible expenses.
- (2) Income tax expense is recognised based on management's best estimate.

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this report.

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B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)
B7. Use of Proceeds Raised from IPO

The gross proceeds raised from the IPO of RM29.46 million and status of utilisation as at 31 December 2019 is disclosed in the following table:

No.	Purpose	Proposed utilisation		Deviation ⁽¹⁾		Actual utilisation RM'000	Intended timeframe for utilisation (from the listing date 24 Jul 2018)
		RM'000	%	RM'000	RM'000		
i.	Business and Capital expansion:-	11,600	39.38	-	-	1,684	Within 24 months
	- <i>Malaysia operation</i>	10,000	33.95	-	-	1,632	
	- <i>RG Vietnam's business</i>	1,600	5.43	-	-	52	
ii.	Working capital:-	4,757	16.15	417	-	2,058	Within 24 months
	- <i>Operating expenses</i>	1,457	4.95	417	-	-	
	- <i>Payment of inventories</i>	1,500	5.09	-	-	1,500	
	- <i>Payroll expenses</i>	1,800	6.11	-	-	558	
iii.	Expansion of retail software business:-	3,000	10.18	-	-	515	Within 24 months
	- <i>Advertising and marketing costs</i>	1,200	4.07	-	-	-	
	- <i>Payroll expenses</i>	1,800	6.11	-	-	515	
iv.	Repayment of bank borrowings:-	6,601	22.41	(132)	-	6,469	Within 6 months
v.	Estimated listing expenses	3,500	11.88	(285)	-	3,215	Within 3 months
	Total	29,458	100.00	-	-	13,941	

Note:

(1) The actual utilisation for repayment of bank borrowings amounted to RM6.47 million, while that for listing expenses amounted to RM3.22 million. In accordance with section 3.6(v) of the Prospectus, the excess arising therefrom totalling RM0.42 million will be used for working capital purposes.

The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 June 2018 ("Prospectus").

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2019 are as follows:

	Unaudited 31.12.19 RM'000	Audited 31.12.18 RM'000
Current:		
Hire purchase payables	179	170
Term loans	673	592
	<u>852</u>	<u>762</u>
Non-current:		
Hire purchase payables	319	497
Term loans	727	1,415
	<u>1,046</u>	<u>1,912</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigation

As at the date of this report, the Group is not engaged in any material litigation.

B10. Dividend

The Board of Directors had on 28 November 2019 declared an interim single-tier dividend of 0.1 sen per ordinary share in respect of the financial year ended 31 December 2019 which was paid on 8 January 2020 to shareholders whose names appeared on the Record of Depositors on 18 December 2019.

B11. Earnings Per Share

The basic and diluted earnings per share for the current financial quarter and year-to-date are computed as follows:

	Quarter Ended		Year-To-Date Ended	
	31.12.19 RM'000	31.12.18 RM'000	31.12.19 RM'000	31.12.18 RM'000
Profit after taxation attributable to owners of the Company	<u>2,010</u>	<u>101</u>	<u>5,544</u>	<u>2,998</u>
	Quarter Ended		Year-To-Date Ended	
	31.12.19	31.12.18	31.12.19	31.12.18
Weighted average number of ordinary shares ('000)	<u>525,200</u>	<u>525,200</u>	<u>525,200</u>	<u>453,616</u>

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. Earnings Per Share (Cont'd)

	Quarter Ended		Year-To-Date Ended	
	31.12.19	31.12.18	31.12.19	31.12.18
Earnings per share attributable to owners of the Company				
- Basic ⁽¹⁾ (Sen)	0.38	0.02	1.06	0.66
- Diluted ⁽²⁾ (Sen)	<u>0.38</u>	<u>0.02</u>	<u>1.06</u>	<u>0.66</u>

Notes:

- (1) The basic earnings per share is computed based on profit after taxation attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue as at 31 December 2019.
- (2) The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible securities.

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

Profit before taxation is arrived at after charging / (crediting):-

	Quarter Ended		Year-To-Date Ended	
	31.12.19 RM'000	31.12.18 RM'000	31.12.19 RM'000	31.12.18 RM'000
Amortisation of intangible assets	362	-	557	-
Depreciation of property, plant and equipment	233	179	859	672
Interest income	(203)	(318)	(861)	(527)
Interest expenses	44	155	183	489
Realised loss/(gain) on foreign exchange	70	182	94	(118)
Unrealised (gain)/loss on foreign exchange	(28)	28	68	31
Writeoff of trade receivables	-	6	-	6
Inventories written down	1,025	466	1,025	466
Waiver of amount due to a director	(247)	-	(247)	-
Reversal of impairment losses on trade receivables	(64)	(96)	(22)	(330)
Impairment losses on trade receivables	<u>-</u>	<u>49</u>	<u>46</u>	<u>144</u>

BY ORDER OF THE BOARD