



RADIANT GLOBALTECH BERHAD

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

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020

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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 30 JUNE 2020⁽¹⁾**

	UNAUDITED CURRENT YEAR QUARTER 30.06.20 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30.06.19 RM'000	UNAUDITED CURRENT YEAR TO DATE 30.06.20 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30.06.19 RM'000
Revenue	12,395	16,251	26,539	30,071
Cost of sales	<u>(6,222)</u>	<u>(8,560)</u>	<u>(14,003)</u>	<u>(16,117)</u>
Gross profit	6,173	7,691	12,536	13,954
Other income	<u>764</u>	<u>202</u>	<u>1,376</u>	<u>801</u>
	6,937	7,893	13,912	14,755
Selling and distribution expenses	(232)	(269)	(438)	(520)
Administrative expenses	(980)	(1,282)	(2,206)	(2,356)
Staff costs	(5,529)	(4,844)	(10,698)	(9,046)
Other expenses	(503)	(260)	(979)	(604)
Finance costs	(47)	(49)	(87)	(99)
Net (impairment losses) / reversal on financial assets	<u>(350)</u>	<u>141</u>	<u>(466)</u>	<u>(75)</u>
(Loss) / Profit before taxation	(704)	1,330	(962)	2,055
Income tax expense	<u>(70)</u>	<u>(27)</u>	<u>(176)</u>	<u>(224)</u>
(Loss) / Profit after taxation	(774)	1,303	(1,138)	1,831
Other comprehensive (loss) / income, net of tax				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	<u>38</u>	<u>19</u>	<u>51</u>	<u>-</u>
Total comprehensive (loss) / income for the financial period	<u>(736)</u>	<u>1,322</u>	<u>(1,087)</u>	<u>1,831</u>
(LOSS) / PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	(506)	1,238	(485)	1,807
Non-controlling interest	<u>(268)</u>	<u>65</u>	<u>(653)</u>	<u>24</u>
	<u>(774)</u>	<u>1,303</u>	<u>(1,138)</u>	<u>1,831</u>

**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 30 JUNE 2020⁽¹⁾
(CONT'D)**

	UNAUDITED CURRENT YEAR QUARTER 30.06.20 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30.06.19 RM'000	UNAUDITED CURRENT YEAR TO DATE 30.06.20 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30.06.19 RM'000
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO:-				
Owners of the Company	(488)	1,257	(429)	1,807
Non-controlling interest	<u>(248)</u>	<u>65</u>	<u>(658)</u>	<u>24</u>
	<u>(736)</u>	<u>1,322</u>	<u>(1,087)</u>	<u>1,831</u>
(Loss) / Earnings per share attributable to owners of the Company:-				
- Basic (Sen)	(0.10) ⁽²⁾	0.24	(0.09) ⁽²⁾	0.34
- Diluted (Sen)	<u>(0.10) ⁽²⁾</u>	<u>0.24</u>	<u>(0.09) ⁽²⁾</u>	<u>0.34</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 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) The basic (loss) / earnings per share is computed based on (loss) / profit after taxation attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue as at 30 June 2020. The diluted (loss) / 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 30 JUNE 2020⁽¹⁾**

	Unaudited 30.06.20 RM'000	Audited 31.12.19 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,673	1,097
Intangible assets	2,502	2,304
Right of use assets	11,168	11,500
Deferred tax assets	1,159	925
	<u>16,502</u>	<u>15,826</u>
CURRENT ASSETS		
Inventories	7,804	5,642
Trade receivables	19,633	31,057
Other receivables, deposits and prepayments	3,140	3,128
Current tax assets	2,796	1,680
Short-term investment	12,418	2,089
Fixed deposits with licensed banks	12,777	18,789
Cash and bank balances	11,317	18,531
	<u>69,885</u>	<u>80,916</u>
TOTAL ASSETS	<u>86,387</u>	<u>96,742</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,153	48,153
Merger deficit	(13,681)	(13,681)
Foreign exchange translation reserve	(189)	(245)
Retained profits	28,969	29,454
Shareholders' fund	<u>63,252</u>	<u>63,681</u>
Non-controlling interest	965	885
TOTAL EQUITY	<u>64,217</u>	<u>64,566</u>
NON-CURRENT LIABILITIES		
Lease liabilities	257	392
Term loans	365	759
Deferred revenue	358	475
Deferred tax liabilities	20	112
	<u>1,000</u>	<u>1,738</u>
CURRENT LIABILITIES		
Trade payables	4,883	16,554
Other payables and accruals	11,092	12,539
Amount owing to related parties	2,195	4
Amount owing to directors	127	106
Banker's acceptance	1,517	-
Lease liabilities	379	440
Term loans	702	641
Current tax liabilities	275	154
	<u>21,170</u>	<u>30,438</u>
TOTAL LIABILITIES	<u>22,170</u>	<u>32,176</u>
TOTAL EQUITY AND LIABILITIES	<u>86,387</u>	<u>96,742</u>

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2020⁽¹⁾
(CONT'D)**

	Unaudited 30.06.20	Audited 31.12.19
Number of issued shares ('000)	525,200	525,200
Net assets per ordinary share attributable to owners of the Company (Sen)	<u>12.04</u>	<u>12.13</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 2019 and the accompanying explanatory notes attached to this interim financial report.

	<---- Non-Distributable ---->			Distributable	Attributable to Owners of the Company	Non-controlling interest	Total Equity
	Share Capital	Merger Deficit	Foreign Exchange Translation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1.1.19	48,153	(13,681)	(234)	24,383	58,621	-	58,621
Profit after taxation	-	-	-	5,596	5,596	285	5,881
Other comprehensive income for the financial year:							
- Foreign currency translation differences	-	-	(11)	-	(11)	-	(11)
Total comprehensive income for the financial year	-	-	(11)	5,596	5,585	285	5,870
Distribution to owners of the Company:							
- Dividends	-	-	-	(525)	(525)	-	(525)
Non-controlling interest on acquisition of a subsidiary company	-	-	-	-	-	600	600
Balance as at 31.12.19 (Audited)	48,153	(13,681)	(245)	29,454	63,681	885	64,566
Balance as at 1.1.20	48,153	(13,681)	(245)	29,454	63,681	885	64,566
Loss after taxation	-	-	-	(485)	(485)	(653)	(1,138)
Other comprehensive loss for the financial period:							
- Foreign currency translation differences	-	-	56	-	56	(5)	51
Total comprehensive loss for the financial period	-	-	56	(485)	(429)	(658)	(1,087)
Non-controlling interests on incorporation of subsidiary companies	-	-	-	-	-	738	738
Balance as at 30.06.20 (Unaudited)	48,153	(13,681)	(189)	28,969	63,252	965	64,217

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 2019 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 30 JUNE 2020⁽¹⁾**

	CURRENT YEAR TO DATE 30.06.20 RM'000	PRECEDING YEAR TO DATE 30.06.19 RM'000
CASH FLOWS (FOR) / FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(962)	2,055
Adjustments for:		
Amortisation of intangible assets	357	-
Depreciation of property, plant and equipment	208	451
Depreciation of right-of-use assets	358	81
Gain on disposal of an associate	-	(298)
Interest income	(373)	(441)
Interest expenses	87	99
Inventories written back	(310)	-
Impairment losses on trade receivables	492	75
Unrealised (gain) / loss on foreign exchange	(69)	72
Reversal of impairment losses on trade receivables	(26)	(19)
Operating (loss) / profit before working capital changes	(238)	2,075
Increase in inventories	(1,853)	(2,511)
Decrease in trade and other receivables	10,981	2,762
(Decrease) / Increase in trade and other payables	(12,647)	1,560
Increase in amount owing by related parties	-	(14)
Increase / (Decrease) in amount owing to related parties	1,594	(11)
CASH (FOR) / FROM OPERATIONS	(2,163)	3,861
Income tax paid	(1,496)	(916)
NET CASH (FOR) / FROM OPERATING ACTIVITIES	(3,659)	2,945
CASH FLOWS FROM / (FOR) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(26)	(106)
Purchase of right of use assets	(52)	-
Interest received	373	441
Increase in fixed deposits with tenure more than 3 months	(239)	-
Acquisition of subsidiaries, net of cash	-	(2,047)
Disposal of an associate, net of cash	-	500
NET CASH FROM / (FOR) INVESTING ACTIVITIES	56	(1,212)
CASH FLOWS FROM / (FOR) FINANCING ACTIVITIES		
Advances from directors	21	-
Dividend paid	(525)	-
Net changes of banker's acceptance	1,517	260
Interest paid	(87)	(99)
Repayment of term loans	(332)	(291)
Repayment of lease liabilities	(170)	(161)
NET CASH FROM / (FOR) FINANCING ACTIVITIES	424	(291)

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER AND YEAR-
TO-DATE ENDED 30 JUNE 2020⁽¹⁾ (CONT'D)**

	CURRENT YEAR TO DATE 30.06.20 RM'000	PRECEDING YEAR TO DATE 30.06.19 RM'000
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(3,179)	1,442
EFFECT OF FOREIGN EXCHANGE TRANSLATION	43	(44)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	26,871	24,192
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>23,735</u>	<u>25,590</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISES:		
Short-term investments	12,418	2,053
Cash and bank balances	11,317	16,348
Fixed deposits with licensed banks	12,777	18,630
	<u>36,512</u>	<u>37,031</u>
Less: Fixed deposits pledged to licensed banks	(459)	(441)
Fixed deposits with tenure of more than 3 months	<u>(12,318)</u>	<u>(11,000)</u>
	<u>23,735</u>	<u>25,590</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 2019 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 30 JUNE 2020

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 2019. 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 2019.

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 2019 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 2020 and are applicable for the Group’s interim financial report for the quarter and year-to-date ended 30 June 2020, as disclosed below:

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

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108: Definition of Material
- Amendment to References to the Conceptual Framework in MFRS Standards

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.

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 period ended 30 June 2020:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods on or after
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of liabilities as current or non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020 (CONT'D)

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2019.

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.

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.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020 (CONT'D)
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 30 June 2020			
Revenue			
External revenue	9,638	2,757	12,395
Inter-segment revenue	32	35	67
	<u>9,670</u>	<u>2,792</u>	<u>12,462</u>
Consolidation adjustments			(67)
Consolidated revenue			<u>12,395</u>
Results			
Segmental loss before interest and taxation	(543)	(266)	(809)
Interest income			152
Finance costs			(47)
Consolidated loss before taxation			<u>(704)</u>
Income tax expense			(70)
Consolidated loss after taxation			<u>(774)</u>
Preceding year quarter ended 30 June 2019			
Revenue			
External revenue	12,678	3,573	16,251
Inter-segment revenue	136	215	351
	<u>12,814</u>	<u>3,788</u>	<u>16,602</u>
Consolidation adjustments			(351)
Consolidated revenue			<u>16,251</u>
Results			
Segmental profit before interest and taxation	312	830	1,142
Interest income			237
Finance costs			(49)
Consolidated profit before taxation			<u>1,330</u>
Income tax expense			(27)
Consolidated profit after taxation			<u>1,303</u>

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020 (CONT'D)
A9. Segmental Reporting (Cont'd)

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

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
Current year to date ended 30 June 2020			
Revenue			
External revenue	21,354	5,185	26,539
Inter-segment revenue	209	73	282
	<u>21,563</u>	<u>5,258</u>	<u>26,821</u>
Consolidation adjustments			(282)
Consolidated revenue			<u>26,539</u>
Results			
Segmental loss before interest and taxation	(593)	(655)	(1,248)
Interest income			373
Finance costs			(87)
Consolidated loss before taxation			(962)
Income tax expense			(176)
Consolidated loss after taxation			<u>(1,138)</u>
Preceding year to date ended 30 June 2019			
Revenue			
External revenue	24,450	5,621	30,071
Inter-segment revenue	187	350	537
	<u>24,637</u>	<u>5,971</u>	<u>30,608</u>
Consolidation adjustments			(537)
Consolidated revenue			<u>30,071</u>
Results			
Segmental profit before interest and taxation	744	969	1,713
Interest income			441
Finance costs			(99)
Consolidated profit before taxation			2,055
Income tax expense			(224)
Consolidated profit after taxation			<u>1,831</u>

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

There were no significant events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A11. Changes in the Composition of the Group

On 1 June 2020, the Company's wholly owned subsidiary, Radiant Global Solutions Sdn. Bhd. incorporated with 70% equity interest in RG POS Connect Sdn. Bhd. for a total cash consideration of RM70,000.

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 30 June 2020 (2Q20)

For the second quarter ended 30 June 2020 (2Q20), the Group reported 23.69% weaker revenue of RM12.40 million from RM16.25 million in the preceding year corresponding quarter ended 30 June 2019 (2Q19).

RM9.64 million or 77.74% of the revenue in 2Q20 was contributed by the Hardware and Maintenance segment, while the remaining RM2.76 million or 22.26% was derived from the Software segment.

As a comparison, RM12.68 million or 78.03% of the Group's revenue in 2Q19 was derived from the Hardware and Maintenance segment, while the remaining RM3.57 million or 21.97% was from the Software Segment.

The Group recorded 19.77% lower gross profit to RM6.17 million in 2Q20 from RM7.69 million in 2Q19 despite overall gross profit margin increased to 49.75% in 2Q20 from 47.32% in 2Q19. It was mainly due to decreased revenue contribution from its Hardware and Maintenance segment as well as revenue contribution from Software segment.

The Group recorded loss before taxation of RM0.70 million in 2Q20 as compared to a profit before taxation of RM1.33 million in 2Q19 mainly due to the Covid-19 pandemic. The Group's business was affected by the implementation of Movement Control Order ("MCO") imposed by Malaysia Government until the Group managed to obtain approval from the Ministry of International Trade and Industry ("MITI") to recommence operations progressively. However, the gross profit contribution was unable to compensate the expenses incurred such as staff costs and other operating expenses. The loss before taxation in 2Q20 also included business losses attributable from the newly incorporated subsidiary in Thailand which amounted to RM0.4 million in the Hardware and Maintenance segment.

For the six months ended 30 June 2020 (1H20)

For 1H20, the Group reported 11.74% weaker revenue of RM26.54 million from RM30.07 million in the previous corresponding six months ended 30 June 2019 (1H19).

RM21.35 million or 80.44% of the revenue in 1H20 was contributed by Hardware and Maintenance segment, while the balance RM5.19 million or 19.56% was derived from the Software segment.

As a comparison, RM24.45 million or 81.31% of the Group's revenue in 1H19 was derived from Hardware and Maintenance segment, while the balance of RM5.62 or 18.69% was from Software segment.

The Group recorded 10.11% lower gross profit to RM12.54 million in 1H20 from RM13.95 million in 1H19 despite overall gross profit margin increased to 47.25% in 1H20 from 46.39% in 1H19. It was mainly due to decreased revenue contribution from its Hardware and Maintenance segment as well as revenue contribution from Software segment.

The Group recorded loss before taxation of RM0.96 million in 1H20 as compared to a profit before taxation of RM2.06 million in 1H19 mainly due to the Covid-19 pandemic. The Group's business was affected by the implementation of MCO imposed by Malaysian Government until the Group managed to obtain approval from MITI to recommence operations progressively. It was mainly due to increase expenses in staff costs and other operating expenses due to expansion and business losses attributable from the newly incorporated subsidiary in Thailand which amounted to RM1.0 million in the Hardware and Maintenance segment.

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

B2. Comparison with Immediate Preceding Quarter Results

	Quarter Ended		<---- Changes ---->	
	30.06.20 RM'000	31.03.20 RM'000	RM'000	%
Revenue	12,395	14,144	(1,749)	(12.37)
Loss before taxation	<u>(704)</u>	<u>(258)</u>	<u>446</u>	<u>172.87</u>

The Group's revenue of RM12.40 million for the current quarter under review was 12.37% lower than the RM14.14 million recorded in the previous quarter due to lower revenue contribution from Hardware and Maintenance segment as well as revenue contribution from Software segment.

The Group recorded loss before taxation of RM0.70 million in the current quarter as compared to RM0.26 million in the previous quarter mainly due to the Covid-19 pandemic. The Group's business was affected by the implementation of MCO imposed by Malaysia Government until the Group managed to obtain approval from MITI to recommence operations progressively. However, the gross profit contribution was unable to compensate the expenses incurred such as staff costs and other operating expenses. The loss before taxation for the current quarter also included business losses attributable from the newly incorporated subsidiary in Thailand which amounted to RM0.4 million in the Hardware and Maintenance segment.

B3. Prospects

The prospects of the retail industry in the local and regional spheres are expected to remain challenging in the financial year ending 31 December 2020 (FY2020). The ongoing Covid-19 pandemic has significantly impacted the businesses and has also changed consumer purchase behaviour.

Whilst the Government has gradually eased the MCO restriction and businesses are allowed to operate under strict Standard Operating Procedures ("SOP"), the recovery of our economy, as well as the return to our normal social behaviour will require more time and efforts from all stakeholders.

Nonetheless, backed by its strong balance sheet and robustness of its retail management portal AX Retail B2B in supporting physical outlets and e-commerce platforms, the Group is optimistic of its long-term prospects and will continue to strive to strengthen its customer base.

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

Having already set foot in Cambodia and Vietnam, the Group had entered into a joint venture with Thailand's Simat Technologies Public Company Limited ("Simat Technologies") early of the year to provide point of sales equipment and retail software solutions to retailers in Thailand. This is the first time the Group penetrate into Thailand's F&B sector. The Group aims to tap into Thailand's huge retail market with this venture and ride the gradual rebound of the retail sector in Thailand.

The Group has laid down and embarked on a series of future plans. With the current uncertainty in the global and local economy due to the Covid-19 pandemic, the performance of the Group for the current financial year ending 31 December 2020 will remain challenging. However, the Board is cautious on the potential impact of the Covid-19 pandemic and will continue to manage the business of our Group with vigilance during this period of uncertainty.

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

B3. Prospects (Cont'd)

The impact to the Group's revenue to date is due to deferred revenue arising from delay in implementation, instead of loss of revenue. The Group has not experienced any cancellation of orders from our major customers.

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	
	30.06.20 RM'000	30.06.19 RM'000	30.06.20 RM'000	30.06.19 RM'000
Income tax expense	108	137	498	714
Under provision in previous financial year	-	-	-	(8)
Deferred tax	(38)	(110)	(322)	(482)
	<u>70</u>	<u>27</u>	<u>176</u>	<u>224</u>
Effective tax rate (%) ⁽¹⁾	<u>9.94</u>	<u>2.03</u>	<u>18.30</u>	<u>10.90</u>

Notes:

- (1) The Group's effective tax rate for the second quarter ended 30 June 2020 of 9.94% is lower than the statutory tax rate of 24.00% mainly due to business losses from subsidiaries.
- (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.

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

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 30 June 2020 is disclosed in the following table:

No.	Purpose	Proposed utilisation		Deviation ⁽¹⁾		Actual utilisation	Balance to be utilised	Intended timeframe for utilisation (from the listing date 24 Jul 2018) ⁽²⁾
		RM'000	%	RM'000	RM'000	RM'000		
i.	Business and Capital expansion:-	11,600	39.38	-	-	1,742	9,858	Within 36 months
	- <i>Malaysia operation</i>	10,000	33.95	-	-	1,660	8,340	
	- <i>RG Vietnam's business</i>	1,600	5.43	-	-	82	1,518	
ii.	Working capital:-	4,757	16.15	417	417⁽¹⁾	5,174	-	Within 24 months
	- <i>Operating expenses</i>	1,457	4.95	417 ⁽¹⁾	417 ⁽¹⁾	1,874	-	
	- <i>Payment of inventories</i>	1,500	5.09	-	-	1,500	-	
	- <i>Payroll expenses</i>	1,800	6.11	-	-	1,800	-	
iii.	Expansion of retail software business:-	3,000	10.18	-	-	1,374	1,626	Within 36 months
	- <i>Advertising and marketing costs</i>	1,200	4.07	-	-	-	1,200	
	- <i>Payroll expenses</i>	1,800	6.11	-	-	1,374	426	
iv.	Repayment of bank borrowings:-	6,601	22.41	(132)⁽¹⁾	(132)⁽¹⁾	6,469	-	Within 6 months
v.	Estimated Listing expenses	3,500	11.88	(285)⁽¹⁾	(285)⁽¹⁾	3,215	-	Within 3 months
	Total	29,458	100.00	-	-	17,974	11,484	

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 amounting to RM0.42 million will be used for working capital purposes. Subsequently, the said deviation has been fully utilised for the Group's operating expenses as at the date of this report.

(2) As announced by the Company on 24 July 2020.

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 30 June 2020 are as follows:

	Unaudited 30.06.20 RM'000	Audited 31.12.19 RM'000
Current:		
Banker's acceptance	1,517	-
Lease liabilities	379	440
Term loans	702	641
	<u>2,598</u>	<u>1,081</u>
Non-current:		
Lease liabilities	257	392
Term loans	365	759
	<u>622</u>	<u>1,151</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

No dividend has been declared or recommended for payment by the Company during the current financial quarter under review.

B11. (Loss) / Earnings Per Share

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

	Quarter Ended		Year-To-Date Ended	
	30.06.20	30.06.19	30.06.20	30.06.19
	RM'000	RM'000	RM'000	RM'000
(Loss) / Profit after taxation attributable to owners of the Company	<u>(506)</u>	<u>1,238</u>	<u>(485)</u>	<u>1,807</u>
Weighted average number of ordinary shares ('000)	<u>525,200</u>	<u>525,200</u>	<u>525,200</u>	<u>525,200</u>

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

B11. (Loss) / Earnings Per Share (Cont'd)

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

	Quarter Ended		Year-To-Date Ended	
	30.06.20	30.06.19	30.06.20	30.06.19
(Loss) / Earnings per share attributable to owners of the Company				
- Basic ⁽¹⁾ (Sen)	(0.10)	0.24	(0.09)	0.34
- Diluted ⁽²⁾ (Sen)	<u>(0.10)</u>	<u>0.24</u>	<u>(0.09)</u>	<u>0.34</u>

Notes:

- (1) The basic (loss) / earnings per share is computed based on (loss) / profit after taxation attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue as at 30 June 2020.
- (2) The diluted (loss) / earnings per share is equivalent to the basic (loss) / 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

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

	Quarter Ended		Year-To-Date Ended	
	30.06.20	30.06.19	30.06.20	30.06.19
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	172	-	357	-
Depreciation of property, plant and equipment	97	252	208	451
Depreciation of right-of-use assets	178	42	358	81
Interest income	(152)	(237)	(373)	(441)
Interest expenses	47	49	87	99
Realised (gain) / loss on foreign exchange	(50)	41	(54)	(29)
Unrealised (gain) / loss on foreign exchange	(41)	(34)	(69)	72
Inventories write back	(5)	-	(310)	-
Reversal of impairment losses on trade receivables	-	(141)	(26)	(19)
Impairment losses on trade receivables	<u>350</u>	<u>-</u>	<u>492</u>	<u>75</u>

BY ORDER OF THE BOARD