



RADIANT GLOBALTECH BERHAD

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

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2022

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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 SEPTEMBER
2022⁽¹⁾**

	UNAUDITED CURRENT YEAR QUARTER 30.09.22 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30.09.21 RM'000	UNAUDITED CURRENT YEAR TO DATE 30.09.22 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30.09.21 RM'000
Revenue	32,268	32,401	98,473	94,546
Cost of sales	(20,462)	(22,829)	(62,770)	(63,034)
Gross profit	11,806	9,572	35,703	31,512
Other income	269	492	1,043	921
	12,075	10,064	36,746	32,433
Selling and distribution expenses	91	462	(673)	183
Administrative expenses	(9,345)	(7,699)	(26,095)	(23,560)
Other expenses	(685)	(630)	(1,513)	(1,626)
Finance costs	(15)	(18)	(52)	(83)
Net (impairment)/ reversal on financial assets	(113)	(194)	(39)	4
Profit before taxation	2,008	1,985	8,374	7,351
Income tax expense	(400)	(1,325)	(2,174)	(3,316)
Profit after taxation	1,608	660	6,200	4,035
Other comprehensive income, net of tax				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	76	84	118	167
Total comprehensive income for the financial period	1,684	744	6,318	4,202
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	1,354	504	5,162	3,694
Non-controlling interests	254	156	1,038	341
	1,608	660	6,200	4,035

**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 SEPTEMBER
2022⁽¹⁾ (CONT'D)**

	UNAUDITED CURRENT YEAR QUARTER 30.09.22 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30.09.21 RM'000	UNAUDITED CURRENT YEAR TO DATE 30.09.22 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30.09.21 RM'000
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Company	1,414	554	5,265	3,798
Non-controlling interests	270	190	1,053	404
	1,684	744	6,318	4,202
Earnings per share attributable to owners of the Company:-				
- Basic (Sen)	0.26 ⁽²⁾	0.10	0.98 ⁽²⁾	0.70
- Diluted (Sen)	0.26 ⁽²⁾	0.10	0.98 ⁽²⁾	0.70

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 2021 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 30 September 2022. 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 30 SEPTEMBER
2022⁽¹⁾**

	Unaudited 30.09.22 RM'000	Audited 31.12.21 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,888	1,452
Investment property	3,994	-
Intangible assets	747	1,182
Right of use assets	10,845	11,256
Deferred tax assets	804	718
Goodwill on acquisition	11,447	11,447
	29,725	26,055
CURRENT ASSETS		
Inventories	10,846	7,575
Trade receivables	29,205	31,281
Other receivables, deposits and prepayments	3,822	3,871
Amount owing by related parties	242	1,110
Current tax assets	3,365	2,597
Short-term investments	18,596	21,955
Fixed deposits with licensed banks	1,171	1,162
Cash and bank balances	16,508	13,079
	83,755	82,630
TOTAL ASSETS	113,480	108,685
EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,153	48,153
Merger deficit	(13,681)	(13,681)
Foreign exchange translation reserve	(90)	(193)
Retained profits	40,928	38,392
Shareholders' fund	75,310	72,671
Non-controlling interests	2,944	1,891
TOTAL EQUITY	78,254	74,562
NON-CURRENT LIABILITIES		
Provision	413	375
Lease liabilities	393	565
Deferred revenue	115	258
Deferred tax liabilities	32	14
	953	1,212
CURRENT LIABILITIES		
Trade payables	13,139	12,732
Other payables and accruals	17,310	16,755
Amount owing to a related party	2,246	2,281
Amount owing to directors	573	512
Lease liabilities	359	550
Current tax liabilities	646	81
	34,273	32,911
TOTAL LIABILITIES	35,226	34,123
TOTAL EQUITY AND LIABILITIES	113,480	108,685

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER
2022⁽¹⁾ (CONT'D)**

	Unaudited 30.09.22	Audited 31.12.21
Number of issued shares ('000)	525,200	525,200
Net assets per ordinary share attributable to owners of the Company (Sen)	<u>14.34</u>	<u>13.84</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 2021 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	interests	
			Translation		the		
			Reserve		Company		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1.1.21	48,153	(13,681)	(283)	31,054	65,243	1,220	66,463
Profit after taxation	-	-	-	7,338	7,338	738	8,076
Other comprehensive income for the financial year:							
- Foreign currency translation differences	-	-	90	-	90	50	140
Total comprehensive income for the financial year	-	-	90	7,338	7,428	788	8,216
Non-controlling interests on incorporation of subsidiary companies	-	-	-	-	-	(117)	(117)
Balance as at 31.12.21 (Audited)	48,153	(13,681)	(193)	38,392	72,671	1,891	74,562
Balance as at 1.1.22	48,153	(13,681)	(193)	38,392	72,671	1,891	74,562
Profit after taxation	-	-	-	5,162	5,162	1,038	6,200
Other comprehensive income for the financial period:							
- Foreign currency translation differences	-	-	103	-	103	15	118
Total comprehensive income for the financial period	-	-	103	5,162	5,265	1,053	6,318
Distribution to owners of the Company:							
- Dividends	-	-	-	(2,626)	(2,626)	-	(2,626)
Balance as at 30.09.22 (Unaudited)	48,153	(13,681)	(90)	40,928	75,310	2,944	78,254

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 2021 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 SEPTEMBER 2022⁽¹⁾**

	CURRENT YEAR TO DATE 30.09.22 RM'000	PRECEDING YEAR TO DATE 30.09.21 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	8,374	7,351
Adjustments for:		
Amortisation of intangible assets	434	434
Depreciation of property, plant and equipment	405	343
Depreciation of right-of-use assets	457	623
Gain on disposal of property, plant and equipment	-	(5)
Interest income	(171)	(257)
Interest expenses	52	83
Inventories (written back)/written down	(31)	559
Inventories written off	226	-
Unrealised gain on foreign exchange	(405)	(76)
Impairment/(Reversal) of impairment losses on trade receivables	39	(4)
Operating profit before working capital changes	9,380	9,051
Increase in inventories	(3,429)	(1,741)
Decrease/(Increase) in trade and other receivables	3,555	(2,892)
Increase/(Decrease) in trade and other payables	926	(10,930)
Increase in amount owing by related parties	(242)	-
(Decrease)/Increase in amount owing to a related party	(35)	436
CASH FROM/(FOR) OPERATIONS	10,155	(6,076)
Income tax paid	(2,444)	(1,956)
Income tax refund	-	1,006
NET CASH FROM/(FOR) OPERATING ACTIVITIES	7,711	(7,026)
CASH FLOWS FOR INVESTING ACTIVITIES		
Acquisition of a subsidiary company	-	(2,528)
Purchase of property, plant and equipment	(704)	(54)
Purchase of investment property	(3,994)	-
Proceed from disposal of property, plant and equipment	-	5
Interest received	171	257
Increase in fixed deposits with tenure more than 3 months	(9)	(11)
NET CASH FOR INVESTING ACTIVITIES	(4,536)	(2,331)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of directors	-	(75)
Dividend paid	(2,626)	-
Net changes of banker's acceptance	-	(728)
Interest paid	(52)	(83)
Repayment of term loans	-	(543)
Repayment of lease liabilities	(432)	(401)
NET CASH FOR FINANCING ACTIVITIES	(3,110)	(1,830)

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER AND YEAR-
TO-DATE ENDED 30 SEPTEMBER 2022⁽¹⁾ (CONT'D)**

	CURRENT YEAR TO DATE 30.09.22 RM'000	PRECEDING YEAR TO DATE 30.09.21 RM'000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	65	(11,187)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	5	36
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	35,034	40,031
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>35,104</u>	<u>28,880</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISES:		
Short-term investments	18,596	17,826
Cash and bank balances	16,508	10,955
Fixed deposits with licensed banks	1,171	1,151
	<u>36,275</u>	<u>29,932</u>
Less: Fixed deposits pledged to licensed banks	(492)	(485)
Fixed deposits with tenure of more than 3 months	(679)	(567)
	<u>35,104</u>	<u>28,880</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 2021 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 SEPTEMBER 2022

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 2021. 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 2021.

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 2021 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 2022 and are applicable for the Group’s interim financial report for the quarter and year-to-date ended 30 September 2022, as disclosed below:

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

Amendment to MFRS 3: Reference to the Conceptual Framework
 Amendments to MFRS 116: Property, Plant and Equipment – Proceeds Before Intended Use
 Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
 Amendment Improvements to MFRS Standards 2018 - 2020

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 September 2022:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Policies	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2022 (CONT'D)

A2. Changes in Accounting Policies (Cont'd)

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 2021.

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 SEPTEMBER 2022 (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 September 2022			
Revenue			
External revenue	27,022	5,246	32,268
Inter-segment revenue	99	1,361	1,460
	<u>27,121</u>	<u>6,607</u>	<u>33,728</u>
Consolidation adjustments			(1,460)
Consolidated revenue			<u>32,268</u>
Results			
Segmental profit before interest and taxation	1,526	434	1,960
Interest income			63
Finance costs			(15)
Consolidated profit before taxation			<u>2,008</u>
Income tax expense			(400)
Consolidated profit after taxation			<u>1,608</u>
Preceding year quarter ended 30 September 2021			
Revenue			
External revenue	29,559	2,842	32,401
Inter-segment revenue	47	357	404
	<u>29,606</u>	<u>3,199</u>	<u>32,805</u>
Consolidation adjustments			(404)
Consolidated revenue			<u>32,401</u>
Results			
Segmental profit / (loss) before interest and taxation	2,423	(502)	1,921
Interest income			82
Finance costs			(18)
Consolidated profit before taxation			<u>1,985</u>
Income tax expense			(1,325)
Consolidated profit after taxation			<u>660</u>

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2022 (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 to date ended 30 September 2022			
Revenue			
External revenue	83,849	14,624	98,473
Inter-segment revenue	323	3,020	3,343
	<u>84,172</u>	<u>17,644</u>	<u>101,816</u>
Consolidation adjustments			(3,343)
Consolidated revenue			<u>98,473</u>
Results			
Segmental profit before interest and taxation	7,483	772	8,255
Interest income			171
Finance costs			(52)
Consolidated profit before taxation			<u>8,374</u>
Income tax expense			(2,174)
Consolidated profit after taxation			<u>6,200</u>
Preceding year to date ended 30 September 2021			
Revenue			
External revenue	85,073	9,473	94,546
Inter-segment revenue	4,611	434	5,045
	<u>89,684</u>	<u>9,907</u>	<u>99,591</u>
Consolidation adjustments			(5,045)
Consolidated revenue			<u>94,546</u>
Results			
Segmental profit / (loss) before interest and taxation	8,655	(1,478)	7,177
Interest income			257
Finance costs			(83)
Consolidated profit before taxation			<u>7,351</u>
Income tax expense			(3,316)
Consolidated profit after taxation			<u>4,035</u>

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

On 10 November 2022, the Company's wholly owned subsidiary, Radiant Global ADC Sdn. Bhd. incorporated a 100% owned subsidiary, namely RGTECH International Pte. Ltd. with a paid-up capital of SGD10,000.

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

The Group had the following transactions during the financial period under review with related parties in which certain directors and major shareholders of the Company have substantial financial interests:

	Unaudited Current Year Quarter 30.09.22 RM'000	Unaudited Current Year to Date 30.09.22 RM'000
Related parties by virtue of common directors - Rental expenses	<u>8</u>	<u>24</u>
Related parties by virtue of major shareholders - Sales of Hardware and Software	<u>1,485</u>	<u>3,264</u>

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 September 2022 (3Q22)

For the third quarter ended 30 September 2022 (3Q22), the Group reported 0.3% lower revenue of RM32.3 million from RM32.4 million in the preceding year corresponding quarter ended 30 September 2021 (3Q21).

RM27.0 million or 83.6% of the revenue in 3Q22 was contributed by the Hardware and Maintenance segment, while the remaining RM5.3 million or 16.4% was derived from the Software segment.

As a comparison, RM29.6 million or 91.4% of the Group's revenue in 3Q21 was derived from the Hardware and Maintenance segment, while the remaining RM2.8 million or 8.6% was from the Software segment.

The Group recorded 22.9% higher gross profit to RM11.8 million in 3Q22 from RM9.6 million in 3Q21. Overall gross profit margin increased to 36.5% in 3Q22 from 29.6% in 3Q21. Notwithstanding the increase in gross profit, the revenue contribution from its Hardware and Maintenance segment decreased mainly due to deferred deployment of hardware and maintenance services in 3Q22. However, this was offset by higher revenue contribution from its Software segment due to implementation of software projects as well as contribution from newly acquired subsidiaries from Software segment.

The Group recorded profit before taxation of RM2.0 million in 3Q22 as compared to RM1.9 million in 3Q21. This was in line with higher revenue contribution from its Software segment.

For the nine months ended 30 September 2022 (3CQ22)

For 3CQ22, the Group reported 4.2% higher revenue of RM98.5 million from RM94.5 million in the previous corresponding nine months ended 30 September 2021 (3CQ21).

RM83.8 million or 85.1% of the revenue in 3CQ22 was contributed by the Hardware and Maintenance segment, while the remaining RM14.7 million or 14.9% was derived from the Software segment.

As a comparison, RM85.0 million or 89.9% of the revenue in 3CQ21 was contributed by the Hardware and Maintenance segment, while the remaining RM9.5 million or 10.1% was derived from the Software segment.

The Group recorded 13.3% higher gross profit to RM35.7 million in 3CQ22 from RM31.5 million in 3CQ21. Overall gross profit margin increased to 36.2% in 3CQ22 from 33.3% in 3CQ21. Notwithstanding the increase in gross profit, the revenue contribution from its Hardware and Maintenance segment decreased mainly due to deferred deployment of hardware and maintenance services. However, this was offset by higher revenue contribution from its Software segment due to implementation of software project as well as contribution from newly acquired subsidiaries from Software segment.

The Group recorded profit before taxation of RM8.4 million in 3CQ22 as compared to RM7.4 million in 3CQ21. This was in line with higher revenue contribution from its Software segment as well as contribution from newly acquired subsidiaries in Software segment. The increase in profit before tax in 3CQ22 was also due to a reduction in business losses from Thailand subsidiary as compared to a loss which amounted to RM0.6 million in 3CQ21.

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 ---->	
	30.09.2022 RM'000	30.06.2022 RM'000	RM'000	%
Revenue	32,268	36,561	(4,293)	(11.7)
Profit before taxation	<u>2,008</u>	<u>3,609</u>	<u>(1,601)</u>	<u>(44.4)</u>

The Group's revenue of RM32.3 million for the current quarter under review was 11.7% lower than the RM36.6 million recorded in the previous quarter due to lesser revenue contribution from its Hardware and Maintenance segments.

The Group recorded profit before taxation of RM2.0 million in the current quarter as compared to RM3.6 million in the previous quarter. The decreased was mainly due to deferred deployment of hardware and maintenance in 3Q22.

B3. Prospects

To sustain our growth, Radiant intends to strategically combine and enhance its resources in Malaysia and our overseas markets, namely Vietnam, Thailand, and Cambodia, to create synergies, enhance innovation, and fast-track development of business digitalisation solutions. This will support the Group's efforts to expand its market share in the retail and industrial sectors in Malaysia and regionally, on the back of recovering economies and borders reopening.

The Group's acquisitions of technology companies in the past two years have also broadened its technology capabilities, such as Online to Offline (O2O) solutions for omnichannel operations and web/smartphone-based management portals. The acquisitions also expanded the Group's customer base to include the industrial sector, enterprises and small-to-medium businesses.

In view of the potential adverse impact of global uncertainties, the Board is cautiously optimistic of the 2022 outlook and will continue to manage our business prudently. The Group's prospects are underpinned by a healthy balance sheet, expanding presence in Malaysia and regionally, as well as the growing market for business digitalisation.

B4. Profit Forecast

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

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

B5. Income Tax Expense

The breakdown of income tax expense are as follows:-

	Quarter Ended		Year-To-Date Ended	
	30.09.22 RM'000	30.09.21 RM'000	30.09.22 RM'000	30.09.21 RM'000
Income tax expense	390	1,019	2,210	3,209
(Over) / Under provision in previous financial year	(38)	436	(38)	435
Deferred tax	48	(130)	2	(328)
	<u>400</u>	<u>1,325</u>	<u>2,174</u>	<u>3,316</u>
Effective tax rate (%) ⁽¹⁾	<u>19.9</u>	<u>66.8</u>	<u>26.0</u>	<u>45.1</u>

Notes:

- (1) The Group's effective tax rate for the second quarter ended 30 September 2022 of 19.9% is lower than the statutory tax rate of 24.0% mainly due to utilisation of unrecognised deferred tax assets arising from business losses of the 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.

B7. Group Borrowings and Debt Securities

The Group's borrowings are as follows:

	Unaudited 30.09.22 RM'000	Audited 31.12.21 RM'000
Current:		
Lease liabilities	<u>359</u>	<u>550</u>
Non-current:		
Lease liabilities	<u>393</u>	<u>565</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

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

B8. Material Litigation

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

B9. Dividend

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

B10. 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	
	30.09.22	30.09.21	30.09.22	30.09.21
	RM'000	RM'000	RM'000	RM'000
Profit after taxation attributable to owners of the Company	1,354	504	5,162	3,694
	<u>1,354</u>	<u>504</u>	<u>5,162</u>	<u>3,694</u>
	Quarter Ended		Year-To-Date Ended	
	30.09.22	30.09.21	30.09.22	30.09.21
Weighted average number of ordinary shares ('000)	525,200	525,200	525,200	525,200
	<u>525,200</u>	<u>525,200</u>	<u>525,200</u>	<u>525,200</u>
Earnings per share attributable to owners of the Company				
- Basic ⁽¹⁾ (Sen)	0.26	0.10	0.98	0.70
- Diluted ⁽²⁾ (Sen)	0.26	0.10	0.98	0.70
	<u>0.26</u>	<u>0.10</u>	<u>0.98</u>	<u>0.70</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 30 September 2022.
- (2) The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible securities.

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

B11. 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	
	30.09.22 RM'000	30.09.21 RM'000	30.09.22 RM'000	30.09.21 RM'000
Amortisation of intangible assets	143	145	434	434
Depreciation of property, plant and equipment	155	116	405	343
Depreciation of right-of-use assets	126	195	457	623
Gain on disposal of property, plant and equipment	-	-	-	(5)
Interest income	(63)	(82)	(171)	(257)
Interest expenses	15	18	52	83
Realised loss foreign exchange	78	85	112	158
Unrealised gain on foreign exchange	(160)	(55)	(405)	(76)
Inventories (write back)/written down	(266)	218	(31)	559
Inventories written off	226	-	226	-
Net impairment/(reversal) on impairment losses on trade receivables	113	194	39	(4)

BY ORDER OF THE BOARD