

RAMSSOL GROUP BERHAD
(Company No. 201901001120) (1310446 - A)
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2021

UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
Note	31/03/2021	31/03/2020 ⁽²⁾	31/03/2021	31/03/2020 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	5,081	N/A	5,081	N/A
Cost of sales	(1,692)	N/A	(1,692)	N/A
Gross profit	3,389	N/A	3,389	N/A
Other income	52	N/A	52	N/A
	3,441	N/A	3,441	N/A
Administrative expenses	(1,847)	N/A	(1,847)	N/A
Other expenses	(438)	N/A	(438)	N/A
Depreciation	(131)	N/A	(131)	N/A
	(2,416)	N/A	(2,416)	N/A
Profit from operations	1,025	N/A	1,025	N/A
Finance costs	(180)	N/A	(180)	N/A
Profit before taxation	B5 845	N/A	845	N/A
Income tax expense	B6 (5)	N/A	(5)	N/A
Profit after taxation	840	N/A	840	N/A
Other comprehensive income				
Item that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(15)	N/A	(15)	N/A
Total comprehensive income for the financial period	825	N/A	825	N/A

UNAUDITED CONDENSED COMBINED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONTINUED) ⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
Note	31/03/2021	31/03/2020 ⁽²⁾	31/03/2021	31/03/2020 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Profit after taxation attributable to:				
Owners of the Company	992	N/A	992	N/A
Non-Controlling Interests	(152)	N/A	(152)	N/A
	<u>840</u>	<u>N/A</u>	<u>840</u>	<u>N/A</u>
Total comprehensive income attributable to:				
Owners of the Company	978	N/A	978	N/A
Non-Controlling Interests	(153)	N/A	(153)	N/A
	<u>825</u>	<u>N/A</u>	<u>825</u>	<u>N/A</u>
Earning per share (sen) ⁽³⁾				
Basic/Diluted	B13 1.95	N/A	1.95	N/A

Notes:

- (1) The Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 22 June 2021 and the accompanying explanatory notes attached in the interim financial report.
- (2) This is the first interim financial report announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative period concerned.
- (3) Computed based on profit attributable to owners of the Company divided by the number of ordinary shares outstanding (prior the completion of the Acquisition, the Conversion of RCPS and the Subdivision of Shares, collectively ("**Pre-IPO Exercise**") as disclosed in the Prospectus of the Company dated 22 June 2021) of 510,001.

N/A Not applicable

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UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 31/03/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
Non-Current Assets		
Property and equipment	1,247	1,296
Investment property	764	768
Right-of-use assets	776	623
Development costs	942	725
Total Non-Current Assets	3,729	3,412
Current Assets		
Inventories	237	240
Trade receivables	10,533	11,579
Other receivables, deposits, and prepayments	1,691	1,666
Current tax assets	-	14
Cash and bank balances	1,992	2,844
Total Current Assets	14,453	16,343
TOTAL ASSETS	18,182	19,755
EQUITY AND LIABILITIES		
EQUITY		
Share capital	510	510
Reserves	9,290	8,312
Equity attributable to owners of the Company	9,800	8,822
Non-controlling interests	(2,208)	(2,055)
TOTAL EQUITY	7,592	6,767

UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION (CONTINUED) ⁽¹⁾

	Note	Unaudited As at 31/03/2021 RM'000	Audited As at 31/12/2020 RM'000
EQUITY AND LIABILITIES (CONTINUED)			
LIABILITIES			
Non-Current Liabilities			
Redeemable convertible preference shares		4,849	4,737
Lease liabilities	B9	56	151
Term loans	B9	1,662	1,758
Provision for employment benefits obligations		81	82
Total Non-Current Liabilities		6,648	6,728
Current Liabilities			
Trade payables		297	593
Other payables and accruals		1,990	3,424
Lease liabilities	B9	323	341
Term loans	B9	379	367
Short-term borrowings	B9	709	1,203
Contract liabilities		118	136
Current tax liabilities		126	196
Total Current Liabilities		3,942	6,260
TOTAL LIABILITIES		10,590	12,988
TOTAL EQUITY AND LIABILITIES		18,182	19,755
Net assets per share attributable to ordinary equity holders (RM) ⁽²⁾		14.89	13.27

Notes:

- (1) The Unaudited Condensed Combined Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 22 June 2021 and the accompanying explanatory notes attached in the interim financial report.
- (2) Computed based on total equity divided by the number of ordinary shares outstanding (prior to the completion of the Pre-IPO Exercise as disclosed in the Prospectus of the Company dated 22 June 2021) of 510,001.

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UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY ^{(1) (2)}

	Share capital RM'000	Merger Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Equity attributable to owners of the Company RM'000	Non - Controlling Interests RM'000	Total Equity RM'000
Balance as at 1/1/2021	510	(260)	246	8,326	8,822	(2,055)	6,767
Profit after taxation	-	-	-	992	992	(152)	840
Other comprehensive income/(loss): Foreign currency translation differences	-	-	(14)	-	(14)	(1)	(15)
Total comprehensive income/(loss)	-	-	(14)	992	978	(153)	825
Balance as at 31/03/2021	510	(260)	232	9,318	9,800	(2,208)	7,592

Notes:

- (1) The Unaudited Condensed Combined Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 22 June 2021 and the accompanying explanatory notes attached in the interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative period concerned.

UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS ⁽¹⁾

	CUMULATIVE QUARTER	
	Period ended	
	31/03/2021	31/03/2020 ⁽²⁾
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation	845	N/A
Adjustments for:		
Depreciation of:		
-investment properties	4	N/A
-property and equipment	58	N/A
-right-of-use assets	69	N/A
Interest expense	178	N/A
Interest expense on lease liabilities	2	N/A
Listing expenses	381	N/A
Unrealised loss on foreign exchange	40	N/A
Interest income	(1)	N/A
Operating profit before working capital changes	1,576	N/A
Decrease in trade and other receivables	1,078	N/A
Decrease in trade and other payables	(1,090)	N/A
Decrease in contract liabilities	(18)	N/A
Decrease in provision for employee benefit obligations	(1)	N/A
Net cash from operations	1,545	N/A
Income tax paid	(61)	N/A
Interest paid	(27)	N/A
Net cash from operating activities	1,457	N/A
<u>CASH FLOWS USED IN INVESTING ACTIVITIES</u>		
Development costs paid	(217)	N/A
Purchase of equipment	(230)	N/A
Net cash used in investing activities	(447)	N/A

UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS (CONTINUED) ⁽¹⁾

	CUMULATIVE QUARTER	
	Period ended	
	31/03/2021	31/03/2020 ⁽²⁾
	RM'000	RM'000
<u>CASH FLOWS USED IN FINANCING ACTIVITIES</u>		
Interest paid	(41)	N/A
Repayment of lease liabilities	(114)	N/A
Repayment of term loans	(83)	N/A
Repayment of flexi loans	(14)	N/A
Payment of listing expenses	(1,090)	N/A
Net cash used in financing activities	<u>(1,342)</u>	<u>N/A</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(332)	N/A
Effect of exchange translation differences	(40)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>2,236</u>	<u>N/A</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>1,864</u>	<u>N/A</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	1,992	N/A
Bank overdrafts	(128)	N/A
	<u>1,864</u>	<u>N/A</u>

Notes:

- (1) The Unaudited Condensed Combined Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 22 June 2021 and the accompanying explanatory notes attached in the interim financial report.
- (2) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. There are no comparative figures for the preceding corresponding quarter and period as there is no interim financial report prepared for the comparative period concerned.

A. SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO. 134 - INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial report of Ramssol Group Berhad and its subsidiaries (“Group”) have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and Paragraph 9.22 of the Listing Requirements of Bursa Securities. These condensed combined interim financial statements also comply with International Accounting Standards (“IAS”) 34, *Interim Financial Reporting* issued by the International Accounting Standards Board.

This is the first interim financial report of condensed combined interim financial statements for the first quarter ended 31 March 2021 being announced by the Group in compliance with the Listing Requirements of Bursa Securities. As such, there are no comparative figures for the preceding corresponding period.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 22 June 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentations adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountants’ Report as disclosed in the Prospectus for the adoption of following Amendments to MFRSs:

- (a) the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):

MFRSs and/or IC Interpretations (including the consequential amendments)	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group’s interim financial report.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- (b) The Group has not applied in advance the following accounting standards and/or 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:

MFRSs and/or IC Interpretations (including the consequential amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	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
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

A3. AUDITORS’ REPORT

The audited combined financial statements of the Group for the financial year ended 31 December 2020, 2019, 2018 and 2017 were not subject to any qualification.

A4. SEASONAL AND CYCLICAL FACTORS

The business of the Group is not affected by any significant seasonal or cyclical factors.

A5. UNUSUAL ITEMS

There was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

A6. CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the results of the current quarter under review.

A7. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter under review.

A8. DIVIDEND PAID

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

A9. SEGMENTAL INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their geographical region. No segmental analysis by business segment is prepared as the Group operates predominantly in one industry.

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment	Malaysia	Singapore	Thailand	Others	Group
Quarter ended 31/3/2021	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External customers	4,409	645	27	-	5,081
Inter-segment	-	-	-	115	115
	<u>4,409</u>	<u>645</u>	<u>27</u>	<u>115</u>	<u>5,196</u>
Adjustments/eliminations on combination					(115)
Combined revenue					<u>5,081</u>
Results					
Segment profit/(loss) before interest and taxation	2,144	(89)	(479)	(517)	1,059
Finance costs					(180)
Adjustments/eliminations on combination					(34)
Profit before taxation					<u>845</u>
Income tax expense					(5)
Profit after taxation					<u>840</u>

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment	Malaysia	Singapore	Thailand	Others	Group
Quarter ended 31/3/2021	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets	3,399	31	213	86	3,729
Segment assets/Combined total assets	13,437	538	2,875	1,332	18,182
Liabilities					
Segment liabilities	9,529	397	459	79	10,464
Unallocated liabilities:					
- current tax liabilities					126
Combined total liabilities					10,590

No comparative figures for the preceding corresponding quarter are available as this is the first interim financial report on the combined results for the first quarter ended 31 March 2021 announced by the Company in compliance with the Listing Requirements of Bursa Securities.

A10. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE INTERIM FINANCIAL PERIOD

Save as disclosed below, there are no other significant events subsequent to the end of the interim financial period:

(a) Acquisition

On 18 August 2020, the Company entered into a conditional Share Sale Agreement (“SSA”) with the shareholders of RAMS Solutions Sdn Bhd (“Rams Malaysia”) to acquire the entire issued share capital of Rams Malaysia comprising 500,001 ordinary shares for a purchase consideration of RM1,313,070 which was fully satisfied by the issuance of new shares at an issue price of approximately RM0.3806 per Share. Upon acquisition, shares of the Company will increase from 10,000 to 3,460,000 number of shares.

The purchase consideration of Rams Malaysia of RM1,313,070 was arrived at on a willing-buyer-willing-seller basis, after taking into consideration the audited NA position of Rams Malaysia as at 31 December 2019 of RM1,313,256.

On 17 May 2021, the Company has completed the acquisition and Rams Malaysia became a wholly-owned subsidiary of the Company. The issued shares of the Company increased from 10,000 ordinary shares to 3,460,000 ordinary shares.

(b) Conversion of RCPS

The RCPS comprises of:

- (i) 3,553,000 Class A RCPS which are offered to the business associates of Tan Chee Seng, Lee Miew Lan and the Group with a subscription price of RM1.00 per Class A RCPS. The Class A RCPS will be converted into new Shares at a conversion ratio of 100 Class A RCPS for 10 new Shares.
- (ii) 940,000 Class B RCPS that were issued by Ramssol to the persons connected to Tan Chee Seng or Lee Miew Lan and other parties at a subscription price of RM1.00 per Class B RCPS. The Class B RCPS will be converted into new Shares at a conversion ratio of 100 Class B RCPS for 8 new Shares.

On 21 May 2021, the Company has converted the RCPS into new ordinary shares. Based on the conversion, a recognition of the accrued interest up to 21 May 2021. Following the completion of the conversion of RCPS, the issued share capital has increased from 3,460,000 Shares to 3,890,500 Shares.

A10. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE INTERIM FINANCIAL PERIOD (CONTINUED)

(c) Subdivision of Shares

On 24 May 2021, the Company has completed its subdivision of issued shares for 1 existing ordinary share held by the registered shareholders into 43 new ordinary shares. The issued shares of the Company has increased from 3,890,500 ordinary shares to 167,291,500 ordinary shares.

As disclosed in Note B8, the Company has undertaken an Initial Public Offering ("IPO") to list its shares on the ACE Market of Bursa Securities.

The Prospectus was launched on 22 June 2021 and the Company's Shares will be listed on the ACE Market of Bursa Securities on 13 July 2021.

A11. SIGNIFICANT RELATED PARTY TRANSACTIONS

The related party transactions described below were carried out on terms and conditions negotiated amongst the parties. The significant related party transactions are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2020
	RM'000	RM'000	RM'000	RM'000
Fellow directors:				
Rental paid or payable to directors	(48)	N/A	(48)	N/A

The rental paid or payable to directors are derived from office spaces provided by Tan Chee Seng and Lee Miew Lan. Details of the office spaces are as disclosed in the Prospectus of the Company dated 22 June 2021.

No comparative figures for the preceding corresponding quarter are available as this is the first interim financial report on the combined results for the first quarter ended 31 March 2021 announced by the Company in compliance with the Listing Requirements of Bursa Securities.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL PERIOD TO DATE

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Period ended		Changes	Period ended		Changes
	31/03/2021	31/03/2020		31/03/2021	31/03/2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue from:						
Malaysia	4,409	N/A	N/A	4,409	N/A	N/A
Singapore	645	N/A	N/A	645	N/A	N/A
Thailand	27	N/A	N/A	27	N/A	N/A
Others	-	N/A	N/A	-	N/A	N/A
	<u>5,081</u>	<u>N/A</u>		<u>5,081</u>	<u>N/A</u>	

The Group's revenue of RM5.08 million are mainly contributed from Malaysia, followed by Singapore and Thailand.

The Group's gross profit of RM3.39 million are mainly derived from an existing customer in Malaysia since August 2020 and a new customer in Malaysia for provision of HCM technology applications. The gross profit generated from these 2 customers are higher compared to other segments due to lower staff cost attributable to the utilisation of existing staff in relation to the implementation of the Lark platform and online-training services. Besides the staff cost, these 2 customers do not bear the cost of the Lark licence or Lark platform as these are separately provided by third party.

The Group's profit before interest and taxation of RM1.06 million are mainly contributed by customers in Malaysia for provision of HCM technology applications as mentioned above whereas Singapore and Thailand are loss making, because the project milestones are yet to be achieved or completed in this quarter while the Group continue to incur costs such as salaries and rentals. For Indonesia, the government have announced and imposed social restriction at a micro scale to handle COVID-19 situations in Indonesia. In view of this, the Group's consultants continued to work from home to ensure the continuation of project implementation, certain parts of work were restricted such as physical sighting of confidential documents, delays in extract of information required from customers, which caused slight delays to the Group's project delivery schedule in Indonesia. It is not expected to significantly affect the Group's financial performance for FYE 2021 as the project is expected to be completed during the year.

The Group's profit after taxation of RM0.84 million are derived after deducting administrative expenses, other expenses, depreciation, finance costs and income tax expense. Administrative expenses include mainly staff cost from top management, sales and marketing, finance and administrative departments. Other expense includes mainly IPO expenses for the current quarter of RM0.38 million. Finance cost include interest expenses from redeemable convertible preference shares and outstanding bank borrowings which are drawn for the purchase of office at Central Business District Perdana 2 and a SOHO at Cybersquare, purchase of motor vehicles for the Group and for working capital purposes.

B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL PERIOD TO DATE (CONTINUED)

No comparative figures for the preceding corresponding quarter are available as this is the first interim financial report on the combined results for the first quarter ended 31 March 2021 announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

There are no comparative figures for the immediate preceding corresponding quarter and period as this is the first interim financial report for the first quarter ended 31 March 2021 being announced by the Group in compliance with the Listing Requirements of Bursa Securities.

B3. PROSPECTS

During the COVID-19 pandemic, different countries have its own iterations of lockdowns and social distancing in place. This has contributed to reduced movement amongst its population and workforce as well as a drop in business activities across most sectors. However, there are a few sectors that have seen an increase in their business activities during this period. Most if not all companies have adopted a "Work from Home" policy for its employees. Likewise, educational institutions have also adopted a home-based study curriculum. The Group will address the challenges and the opportunities mentioned above through its principal business activities as follows:

(a) Provision of HCM and student management solutions

The digitalisation of HR functions for greater operational and cross-departmental efficiency as well as increased productivity is expected to drive the demand for HCM and student management solutions. Also, HCM and student management solutions enable the usage of data analytics to improve an organisation's workforce performance and employee engagement as well as their ability to retain and attract new talents. Organisations needs to adopt innovative tech solutions to cope with future business needs, hence HCM solutions with adaptable and innovative technology that provides customisation to meet different organisations' needs are necessary. With this in mind, the Group is still positive with regard to performance for current financial year especially during this COVID-19 pandemic.

B3. PROSPECTS (CONTINUED)

(b) Provision of IT staff augmentation

Digital transformations in businesses lead to increased demand for ad-hoc IT personnel with specialised skillsets which drive the demand for IT staff augmentation services. Also, the trends to accelerate business' digital transformation to ensure business continuity operations will drive the demand for IT staff augmentation services as well especially during this COVID-19 pandemic. With this in mind, the Group is still positive with regard to performance for current financial year especially during this COVID-19 pandemic.

(c) Provision of HCM technology applications

Workplace digital transformation is taking place rapidly. A secure digital workspace and seamless communication to connect employees are crucial. Hence, effective predictive analytics capabilities such as the use of AI, multiple communication, and collaborative tools are the key going forward that enable employers to manage their workforce. Lark and Zoom will optimise productivity and facilitating workplace digital transformations especially during this COVID-19 pandemic. With this in mind, the Group is still positive with regard to performance for current financial year especially during this COVID-19 pandemic.

B4. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

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B5. PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	31/03/2021	31/03/2020	31/03/2021	31/03/2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation of:				
-investment properties	4	N/A	4	N/A
-property, plant and equipment	58	N/A	58	N/A
-right-of-use assets	69	N/A	69	N/A
Interest expense:				
-bank overdraft	28	N/A	28	N/A
-flexi loan	28	N/A	28	N/A
-term loans	10	N/A	10	N/A
-redeemable convertible preference shares	112	N/A	112	N/A
Interest expense on lease liabilities	2	N/A	2	N/A
Short-term leases	37	N/A	37	N/A
Net loss on foreign exchange:		N/A		N/A
-realised	15	N/A	15	N/A
-unrealised	40	N/A	40	N/A
COVID-19-related subsidies from government	(31)	N/A	(31)	N/A
Interest income	(1)	N/A	(1)	N/A
Rental income from investment property	(12)	N/A	(12)	N/A

No comparative figures for the preceding corresponding quarter are available as this is the first interim financial report on the combined results for the first quarter ended 31 March 2021 announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B6. INCOME TAX EXPENSE

	INDIVIDUAL QUARTER 31/03/2021 RM'000	CUMULATIVE QUARTER 31/03/2021 RM'000
Current tax recognised in profit or loss:		
-Malaysian income tax	5	N/A
Tax expense	<u>5</u>	<u>N/A</u>
Effective tax rate	<u>0.6%</u>	<u>N/A</u>

No comparative figures for the preceding corresponding quarter are available as this is the first interim financial report on the combined results for the first quarter ended 31 March 2021 announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B7. UTILISATION OF PROCEEDS FROM THE IPO

The gross proceeds from the IPO amounting to RM25.09 million is intended to be utilised in the following manner:

Details of Use of Proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Estimated Timeframe for Utilisation Upon Listing ⁽¹⁾
Business expansion	8,851	-	-	Within 24 months
Research and development expenditure	4,101	-	-	Within 24 months
Working capital	7,560	-	-	Within 24 months
Estimating listing expenses	4,580	-	-	Within 1 month
	<u>25,092</u>	<u>-</u>	<u>-</u>	

Note:

- (1) From the date of listing of the Company on the ACE Market of Bursa Securities. The utilisation of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 22 June 2021. As at the date of this report, the IPO is pending completion and hence there was no utilisation of proceeds from the IPO.

B8. STATUS OF CORPORATE PROPOSAL

In conjunction with the IPO, the Company undertook the following:

Public Issue and Offer for Sales

Public issue of 55,760,000 Issue Shares, representing 25.00% of the enlarged total number of Shares, at the IPO Price, to be allocated in the following manner:

- (i) 11,200,000 Issue shares, representing 5.02% of the enlarged total number of Shares, will be made available for application by the Malaysian public through a balloting process, of which 50.00% will be set aside for Bumiputera investors;
- (ii) 5,600,000 Issue shares, representing 2.51% of the enlarged total number of Shares, will be made available for application by the eligible Directors, employees and business associates of the Group; and
- (iii) 38,960,000 Issue shares, representing 17.47% of the enlarged total number of Shares, are made available for application by way of private placement to selected investors.

Concurrent with the Public Issue, the Selling Shareholders will offer 22,304,000 Offer Shares representing approximately 10.00% of the enlarged issued share capital by way of private placement to selected investors.

Upon the completion of the Public Issue, the share capital will increase from 167,291,500 Shares to 223,051,500 Shares.

The Prospectus was launched on 22 June 2021 and the Company's shares will be listed on the ACE Market of Bursa Securities on 13 July 2021.

Save as disclosed above, there are no other corporate proposals announced by the Company but not completed as at the date of this interim financial report.

B9. BORROWINGS

	As at 31/03/2021 RM'000	As at 31/12/2020 RM'000
Current		
Secured:		
Bank overdraft	128	608
Flexi loan	581	595
Term loans	379	367
Lease liabilities	323	341
	<u>1,411</u>	<u>1,911</u>
Non-current		
Secured:		
Term loans	1,662	1,758
Lease liabilities	56	151
	<u>1,718</u>	<u>1,909</u>
Total borrowings:		
Bank overdraft	128	608
Flexi loan	581	595
Term loans	2,041	2,125
Lease liabilities	379	492
	<u>3,129</u>	<u>3,820</u>
 The currency profile of borrowings is as follows:		
Ringgit Malaysia	2,872	3,510
Singapore Dollar	159	200
Thai Baht	98	110
	<u>3,129</u>	<u>3,820</u>

B10. DERIVATIVES

The Group did not enter into any derivatives during the current quarter under review.

B11. MATERIAL LITIGATION

There are no litigation or arbitration which have a material effect on the financial position of the Group. The Board of Directors is not aware of any pending proceedings or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

B12. DIVIDEND PROPOSED

No dividend was proposed for the current quarter ended 31 March 2021.

B13. EARNING PER SHARES (“EPS”)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 31/03/2021	31/03/2020	Period ended 31/03/2021	31/03/2020
Profit attributable to owners of the Company (RM'000)	992	N/A	992	N/A
Weighted average number of ordinary in issue ('000) ⁽¹⁾	510	N/A	510	N/A
Basic/Diluted EPS (sen) ⁽²⁾	1.95	N/A	1.95	N/A

Notes:

- (1) Based on the number of shares prior completion of the Pre-IPO Exercise as disclosed in the Prospectus of the Company dated 22 June 2021.
- (2) The diluted earnings per ordinary share equal basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the interim financial period.

B14. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial report as set out above was approved by the Board of Directors in accordance with their resolution dated 8 July 2021.