

RAMSSOL GROUP BERHAD
(Company No. 201901001120) (1310446 - A)
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
Note	30/09/2021	30/09/2020 ⁽²⁾	30/09/2021	30/09/2020 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	21,910	N/A	34,699	N/A
Cost of sales	(12,900)	N/A	(16,808)	N/A
Gross profit	9,010	N/A	17,891	N/A
Other income	60	N/A	143	N/A
	9,070	N/A	18,034	N/A
Administrative expenses	(3,389)	N/A	(7,967)	N/A
Other expenses	(1,084)	N/A	(2,092)	N/A
Depreciation and amortisation	(176)	N/A	(432)	N/A
	(4,649)	N/A	(10,491)	N/A
Profit from operations	4,421	N/A	7,543	N/A
Finance costs	(43)	N/A	(313)	N/A
Profit before taxation	B5 4,378	N/A	7,230	N/A
Income tax expense	B6 (1)	N/A	(19)	N/A
Profit after taxation	4,377	N/A	7,211	N/A
Other comprehensive income				
Item that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(26)	N/A	(61)	N/A
Total comprehensive income for the financial period	4,351	N/A	7,150	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	30/09/2021	30/09/2020 ⁽²⁾	30/09/2021	30/09/2020 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Profit after taxation attributable to:				
Owners of the Company	4,346	N/A	7,518	N/A
Non-Controlling Interests	31	N/A	(307)	N/A
	<u>4,377</u>	<u>N/A</u>	<u>7,211</u>	<u>N/A</u>
Total comprehensive income attributable to:				
Owners of the Company	4,314	N/A	7,451	N/A
Non-Controlling Interests	37	N/A	(301)	N/A
	<u>4,351</u>	<u>N/A</u>	<u>7,150</u>	<u>N/A</u>
Earning per share (sen) ⁽³⁾				
Basic/Diluted	B13	1.95	N/A	3.37
		<u>1.95</u>	<u>N/A</u>	<u>3.37</u>

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 for the third quarter ended 30 September 2021 being 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 of 223,051,500 after completion of the Initial Public Offering ("**IPO**") of the Company on 13 July 2021.
- N/A Not applicable

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UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30/09/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS		
Non-Current Assets		
Property and equipment	1,173	1,296
Investment property	756	768
Right-of-use assets	845	623
Development costs	3,502	725
Total Non-Current Assets	<u>6,276</u>	<u>3,412</u>
Current Assets		
Inventories	-	240
Trade receivables	21,359	11,579
Other receivables, deposits, and prepayments	690	1,666
Current tax assets	-	14
Cash and bank balances	20,189	2,844
Total Current Assets	<u>42,238</u>	<u>16,343</u>
TOTAL ASSETS	<u>48,514</u>	<u>19,755</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	29,899	510
Reserves	14,950	8,312
Equity attributable to owners of the Company	<u>44,849</u>	<u>8,822</u>
Non-controlling interests	(2,356)	(2,055)
TOTAL EQUITY	<u>42,493</u>	<u>6,767</u>

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

	Note	Unaudited As at 30/09/2021 RM'000	Audited As at 31/12/2020 RM'000
EQUITY AND LIABILITIES (CONTINUED)			
LIABILITIES			
Non-Current Liabilities			
Redeemable convertible preference shares		-	4,737
Lease liabilities	B9	86	151
Term loans	B9	1,495	1,758
Provision for employment benefits obligations		76	82
Total Non-Current Liabilities		1,657	6,728
Current Liabilities			
Trade payables		23	593
Other payables and accruals		2,887	3,424
Lease liabilities	B9	210	341
Term loans	B9	345	367
Short-term borrowings	B9	564	1,203
Contract liabilities		209	136
Current tax liabilities		126	196
Total Current Liabilities		4,364	6,260
TOTAL LIABILITIES		6,021	12,988
TOTAL EQUITY AND LIABILITIES		48,514	19,755
Net assets per share attributable to ordinary equity holders (RM) ⁽²⁾		0.19	0.03

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 of 223,051,500 after completion of the IPO of the Company on 13 July 2021.

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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	-	-	-	7,518	7,518	(307)	7,211
Other comprehensive income/(loss):							
Foreign currency translation differences	-	-	(67)	-	(67)	6	(61)
Total comprehensive income/(loss)	-	-	(67)	7,518	7,451	(301)	7,150
Contributions by and distribution to owners of the Company:							
- Issuance of shares	29,389	(813)	-	-	28,576	-	28,576
Total transactions with owners	29,389	(813)	-	-	28,576	-	28,576
Balance as at 30/09/2021	29,899	(1,073)	179	15,844	44,849	(2,356)	42,493

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 for third quarter ended 30 September 2021 being 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	
	30/09/2021	30/09/2020 ⁽²⁾
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation	7,230	N/A
Adjustments for:		
Amortisation of development costs	39	N/A
Depreciation of:		
-investment properties	13	N/A
-property and equipment	161	N/A
-right-of-use assets	219	N/A
Interest expense	297	N/A
Interest expense on lease liabilities	16	N/A
Listing expenses	1,692	N/A
Unrealised loss on foreign exchange	119	N/A
Written off inventories	240	N/A
Interest income	(43)	N/A
Operating profit before working capital changes	9,983	N/A
Increase in trade and other receivables	(9,477)	N/A
Increase in trade and other payables	33	N/A
Increase in contract liabilities	72	N/A
Decrease in provision for employee benefit obligations	(6)	N/A
Net cash from operations	605	N/A
Income tax paid	(75)	N/A
Interest paid	(28)	N/A
Interest received	43	N/A
Net cash from operating activities	545	N/A
<u>CASH FLOWS USED IN INVESTING ACTIVITIES</u>		
Development costs paid	(2,816)	N/A
Purchase of equipment	(479)	N/A
Net cash used in investing activities	(3,295)	N/A

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

	CUMULATIVE QUARTER	
	Period ended	
	30/09/2021	30/09/2020 ⁽²⁾
	RM'000	RM'000
<u>CASH FLOWS USED IN FINANCING ACTIVITIES</u>		
Interest paid	(125)	N/A
Repayment of lease liabilities	(196)	N/A
Repayment of term loans	(285)	N/A
Repayment of flexi loans	(31)	N/A
Payment of listing expenses	(3,633)	N/A
Proceeds from issuance of ordinary shares	25,092	N/A
Net cash used in financing activities	20,822	N/A
NET CHANGE IN CASH AND CASH EQUIVALENTS	18,072	N/A
Effect of exchange translation differences	(119)	N/A
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	2,236	N/A
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	20,189	N/A
Cash and cash equivalents comprise the following:		
Cash and bank balances	20,189	N/A
Bank overdrafts	-	N/A
	20,189	N/A

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 for the third quarter ended 30 September 2021 being 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 Rule 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 third quarter ended 30 September 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

Save as disclosed below, there are no other issuance, cancellation, repurchase, resale or repayment of debt and equity securities to the end of the interim financial period of 30 September 2021:

	Amount RM'000	Number of Share
Issued and fully paid shares		
At 1 Jan 2021	510	510
Issue of ordinary shares of the Company ^{(a), (b), (c) and (d)}	29,389	222,542
At 30 September 2021	<u>29,899</u>	<u>223,052</u>

(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.

A7. DEBT AND EQUITY SECURITIES (CONTINUED)

(b) Conversion of RCPS (continued)

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.

(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.

(d) 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, were made available for application by the Malaysian public through a balloting process, of which 50.00% were set aside for Bumiputera investors;
- (ii) 5,600,000 Issue shares, representing 2.51% of the enlarged total number of Shares, were 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, were made available for application by way of private placement to selected investors.

Concurrent with the Public Issue, the Selling Shareholders has offered 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 ordinary shares of the Company had increased from 167,291,500 Shares to 223,051,500 Shares.

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

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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
9 months ended 30/9/2021	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External customers	31,196	1,925	701	877	34,699
Inter-segment	360	-	-	521	881
	<u>31,556</u>	<u>1,925</u>	<u>701</u>	<u>1,398</u>	<u>35,580</u>
Adjustments/eliminations on combination					(881)
Combined revenue					<u>34,699</u>
Results					
Segment profit/(loss) before interest and taxation	10,488	(462)	(1,334)	(1,031)	7,661
Finance costs					(313)
Adjustments/eliminations on combination					(118)
Profit before taxation					<u>7,230</u>
Income tax expense					(19)
Profit after taxation					<u>7,211</u>

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment	Malaysia	Singapore	Thailand	Others	Group
9 months ended 30/9/2021	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets	6,016	1	180	79	6,276
Segment assets/Combined total assets	44,453	569	1,665	1,827	48,514
Liabilities					
Segment liabilities	5,411	302	102	80	5,895
Unallocated liabilities:					
- current tax liabilities					126
Combined total liabilities					6,021

No comparative figures for the preceding corresponding quarter are available as this is the first interim financial report on the combined results for the third quarter ended 30 September 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

There are no other significant events subsequent to the end of the interim financial period.

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	
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
Fellow directors:				
Rental paid or payable to directors	(48)	N/A	(144)	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 third quarter ended 30 September 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
	30/09/2021	30/09/2020		30/09/2021	30/09/2020	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue from:						
Malaysia	20,202	N/A	N/A	31,196	N/A	N/A
Singapore	636	N/A	N/A	1,925	N/A	N/A
Thailand	512	N/A	N/A	701	N/A	N/A
Others [#]	560	N/A	N/A	877	N/A	N/A
	<u>21,910</u>	<u>N/A</u>		<u>34,699</u>	<u>N/A</u>	

#Others are revenue generated from Indonesia only

The Group's revenue of RM21.91 million and RM 34.70 million for individual quarter and cumulative quarter respectively are mainly contributed from Malaysia, followed by Singapore and Indonesia.

The Group's gross profit of RM9.01 million and RM17.89 million for individual quarter and cumulative quarter respectively are mainly derived from the continuity of projects for provision of HCM technology applications for an existing customer in Malaysia since August 2020, also provision of HCM technology applications and provision of HCM and student management solutions for several new customers in Malaysia. The gross profit generated from HCM technology applications 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, customers for provision HCM technology applications 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 RM4.42 million and RM7.54 million for individual quarter and cumulative quarter respectively are mainly contributed by customers in Malaysia for provision of HCM and student management solutions and provision of HCM technology applications as mentioned above whereas 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.

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

The Group's profit after taxation of RM4.38 million and RM7.21 million for individual quarter and cumulative quarter 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 for the cumulative quarters includes mainly IPO expenses quarter of RM1.69 million and inventories written off amounting to RM0.24 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.

No comparative figures for the preceding corresponding quarter are available as this is the first interim financial report on the combined results for the third quarter ended 30 September 2021 announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Period ended		Changes %
	30/09/2021 RM'000	30/06/2021 RM'000	
Revenue	<u>21,910</u>	<u>7,708</u>	>100%
Profit before taxation	<u>4,378</u>	<u>2,007</u>	>100%

The Group's revenue and profit before taxation increased from RM7.71 million and RM2.01 million respectively to RM21.91 million and RM4.38 million respectively in comparison with the immediate preceding quarter. This increase was mainly due to higher sales from provision of HCM and student management solutions and HCM technology applications in Malaysia as mentioned in Note B1.

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.

(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.

B5. PROFIT BEFORE TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended 30/09/2021	Quarter ended 30/09/2020	Period ended 30/09/2021	Period ended 30/09/2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of development costs	39	N/A	39	N/A
Depreciation of:				
-investment properties	5	N/A	13	N/A
-property, plant and equipment	52	N/A	161	N/A
-right-of-use assets	80	N/A	219	N/A
Interest expense:				
-bank overdraft	2	N/A	28	N/A
-flexi loan	11	N/A	20	N/A
-term loans	22	N/A	89	N/A
-redeemable convertible preference shares	-	N/A	160	N/A
Interest expense on lease liabilities	8	N/A	16	N/A
Short-term leases	63	N/A	144	N/A
Written off inventories	240	N/A	240	N/A
Net loss on foreign exchange:		N/A		N/A
-realised	25	N/A	46	N/A
-unrealised	47	N/A	119	N/A
COVID-19-related subsidies from government	(9)	N/A	(57)	N/A
Interest income	(42)	N/A	(43)	N/A
Rental income from investment property	(12)	N/A	(38)	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 third quarter ended 30 September 2021 announced by the Company in compliance with the Listing Requirements of Bursa Securities.

B6. INCOME TAX EXPENSE

	INDIVIDUAL QUARTER 30/09/2021 RM'000	CUMULATIVE QUARTER 30/09/2021 RM'000
Current tax recognised in profit or loss:		
-Malaysian income tax	1	19
Tax expense	<u>1</u>	<u>19</u>
Effective tax rate	<u>0.02%</u>	<u>0.26%</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 third quarter ended 30 September 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 ⁽²⁾ RM'000	Deviation RM'000	Estimated Timeframe for Utilisation Upon Listing ⁽¹⁾
Business expansion	8,851	139	8,712	Within 24 months
Research and development expenditure	4,101	232	3,869	Within 24 months
Working capital	7,560	756	6,804	Within 24 months
Estimating listing expenses	4,580	4,580	-	Within 1 month
	<u>25,092</u>	<u>5,707</u>	<u>19,385</u>	

Notes:

- (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. The IPO was completed on 13 July 2021 with the listing of the Company on ACE Market of Bursa Securities.
- (2) Utilisation as at the date of this interim financial report.

B8. STATUS OF CORPORATE PROPOSAL

There was no corporate proposal announced but not completed as at the date of this interim financial report.

B9. BORROWINGS

	As at 30/09/2021 RM'000	As at 31/12/2020 RM'000
Current		
Secured:		
Bank overdraft	-	608
Flexi loan	564	595
Term loans	345	367
Lease liabilities	210	341
	<u>1,119</u>	<u>1,911</u>
Non-current		
Secured:		
Term loans	1,495	1,758
Lease liabilities	86	151
	<u>1,581</u>	<u>1,909</u>
Total borrowings:		
Bank overdraft	-	608
Flexi loan	564	595
Term loans	1,840	2,125
Lease liabilities	296	492
	<u>2,700</u>	<u>3,820</u>
The currency profile of borrowings is as follows:		
Ringgit Malaysia	2,700	3,510
Singapore Dollar	-	200
Thai Baht	-	110
	<u>2,700</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 30 September 2021.

B13. EARNING PER SHARES ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended	Quarter ended	Period ended	Period ended
	30/09/2021	30/09/2020	30/09/2021	30/09/2020
Profit attributable to owners of the Company (RM'000)	4,346	N/A	7,518	N/A
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	223,052	N/A	223,052	N/A
Basic/Diluted EPS (sen) ⁽²⁾	1.95	N/A	3.37	N/A

Notes:

- (1) Based on the number of shares after completion of the 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 23 November 2021.