

RAMSSOL GROUP BERHAD
(Company No. 201901001120) (1310446 - A)
(Incorporated in Malaysia)
INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
Note	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	6,474	7,708	14,853	12,789
Cost of sales	(2,925)	(2,216)	(7,498)	(3,908)
Gross profit	3,549	5,492	7,355	8,881
Other income	209	31	250	83
	3,758	5,523	7,605	8,964
Administrative expenses	(2,506)	(2,731)	(5,275)	(4,578)
Other expenses	(7)	(570)	(12)	(1,008)
Depreciation and amortisation	(178)	(125)	(362)	(256)
	(2,691)	(3,426)	(5,649)	(5,842)
Profit from operations	1,067	2,097	1,956	3,122
Finance costs	(43)	(90)	(97)	(270)
Profit before taxation	B5 1,024	2,007	1,859	2,852
Income tax expense	B6 (12)	(13)	(15)	(18)
Profit after taxation	1,012	1,994	1,844	2,834
Other comprehensive income				
Item that will be reclassified subsequently to profit or loss:				
Foreign currency translation differences	(5)	(20)	5	(35)
Total comprehensive income for the financial period	1,007	1,974	1,849	2,799

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		
	Quarter ended		Period ended		
	Note	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000	
Profit after taxation attributable to:					
Owners of the Company	1,244	2,180	2,285	3,172	
Non-Controlling Interests	(232)	(186)	(441)	(338)	
	<u>1,012</u>	<u>1,994</u>	<u>1,844</u>	<u>2,834</u>	
Total comprehensive (loss)/income attributable to:					
Owners of the Company	1,239	2,159	2,289	3,137	
Non-Controlling Interests	(232)	(185)	(440)	(338)	
	<u>1,007</u>	<u>1,974</u>	<u>1,849</u>	<u>2,799</u>	
Earning per share (sen)					
Basic/Diluted	B13	0.67	1.17	1.22	1.70

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached in the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 30/06/2022 RM'000	Audited As at 31/12/2021 RM'000
ASSETS		
Non-Current Assets		
Property and equipment	2,760	1,854
Investment property	743	751
Right-of-use assets	1,015	823
Development costs	5,825	3,943
Total Non-Current Assets	10,343	7,371
Current Assets		
Inventories	116	-
Trade receivables	25,074	33,005
Other receivables, deposits, and prepayments	827	567
Contract assets	123	190
Cash and bank balances	13,355	8,204
Total Current Assets	39,495	41,966
TOTAL ASSETS	49,838	49,337
EQUITY AND LIABILITIES		
EQUITY		
Share capital	29,899	29,899
Reserves	16,446	14,158
Equity attributable to owners of the Company	46,345	44,057
Non-controlling interests	(3,592)	(3,151)
TOTAL EQUITY	42,753	40,906

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

	Note	Unaudited As at 30/06/2022 RM'000	Audited As at 31/12/2021 RM'000
EQUITY AND LIABILITIES (CONTINUED)			
LIABILITIES			
Non-Current Liabilities			
Lease liabilities	B9	264	223
Term loans	B9	1,260	1,432
Provision for employment benefits obligations		108	108
Total Non-Current Liabilities		<u>1,632</u>	<u>1,763</u>
Current Liabilities			
Trade payables		10	22
Other payables and accruals		3,354	4,434
Amount owing to a director		-	113
Lease liabilities	B9	435	452
Term loans	B9	318	311
Short-term borrowings	B9	889	1,156
Contract liabilities		369	57
Current tax liabilities		78	123
Total Current Liabilities		<u>5,453</u>	<u>6,668</u>
TOTAL LIABILITIES		<u>7,085</u>	<u>8,431</u>
TOTAL EQUITY AND LIABILITIES		<u>49,838</u>	<u>49,337</u>
Net assets per share attributable to ordinary equity holders (RM) ⁽²⁾		<u>0.23</u>	<u>0.22</u>

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached in the interim financial report.
- (2) Net assets per share is calculated based on the Company's weighted average number of ordinary shares at the end of the reporting period. For comparative purpose, it is assumed that the number of ordinary shares arising from the Acquisition, the Conversion of RCPS, the Subdivision of Shares and Public Issue were in issue throughout the financial year.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	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 1/1/2022	29,899	(1,073)	131	15,100	44,057	(3,151)	40,906
Profit after taxation	-	-	-	2,285	2,285	(441)	1,844
Other comprehensive income/(loss):							
Foreign currency translation differences	-	-	4	-	4	1	5
Total comprehensive income/(loss)	-	-	4	2,285	2,289	(440)	1,849
Balance as at 30/06/2022	29,899	(1,073)	135	17,384	46,345	(3,592)	42,753

Note:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached in the interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

	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	-	-	-	3,172	3,172	(338)	2,834
Other comprehensive income/(loss): Foreign currency translation differences	-	-	(35)	-	(35)	-	(35)
Total comprehensive income/(loss)	-	-	(35)	3,172	3,137	(338)	2,799
Contributions by and distribution to owners of the Company: - Issuance of shares	5,710	(813)	-	-	4,897	-	4,897
Total transactions with owners	5,710	(813)	-	-	4,897	-	4,897
Balance as at 30/06/2021	6,220	(1,073)	211	11,498	16,856	(2,393)	14,463

Note:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached in the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

	CUMULATIVE QUARTER	
	Period ended	
	30/06/2022	30/06/2021
	RM'000	RM'000
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Profit before taxation	1,859	2,852
Adjustments for:		
Amortisation of development costs	118	-
Depreciation of:		
-investment properties	8	8
-property and equipment	130	109
-right-of-use assets	106	139
Interest expense	86	262
Interest expense on lease liabilities	11	8
Listing expenses	-	913
Unrealised (gain)/loss on foreign exchange	(153)	72
Interest income	(15)	(1)
Operating profit before working capital changes	2,150	4,362
Increase in inventories	(116)	-
Decrease in contract assets	67	-
Decrease in trade and other receivables	7,665	(1,204)
Decrease in trade and other payables	(1,088)	(653)
Increase/(Decrease) in contract liabilities	312	70
Increase/(Decrease) in provision for employee benefit obligations	1	(3)
Net cash (for)/from operations	8,991	2,572
Income tax paid	(60)	(76)
Interest paid	(23)	(25)
Interest received	15	-
Net cash (for)/from operating activities	8,923	2,471

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

	CUMULATIVE QUARTER	
	Period ended	
	30/06/2022	30/06/2021
	RM'000	RM'000
<u>CASH FLOWS USED IN INVESTING ACTIVITIES</u>		
Development costs paid	(2,000)	(217)
Purchase of equipment	(1,333)	(245)
Proceeds from disposal of equipment	-	-
Net cash (for)/from investing activities	<u>(3,333)</u>	<u>(462)</u>
<u>CASH FLOWS USED IN FINANCING ACTIVITIES</u>		
Interest paid	(75)	(84)
Repayment to a director	(114)	-
Repayment of lease liabilities	25	(208)
Repayment of term loans	(165)	(191)
Repayment of flexi loans	(15)	(23)
Payment of listing expenses	-	(1,621)
Net cash from/(for) financing activities	<u>(344)</u>	<u>(2,127)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,246	(118)
Effect of exchange translation differences	156	(73)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	<u>7,605</u>	<u>2,236</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>13,007</u>	<u>2,045</u>
Cash and cash equivalents comprise the following:		
Cash and bank balances	13,355	2,045
Bank overdrafts	(348)	-
	<u>13,007</u>	<u>2,045</u>

Note:

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached in the interim financial report.

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 consolidated interim financial statements also comply with International Accounting Standards ("**IAS**") 34, *Interim Financial Reporting* issued by the International Accounting Standards Board.

This interim financial report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 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 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	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) 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 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

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 consolidated financial statements of the Group for the financial year ended 31 December 2021 was 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
6 months ended 30/06/2022	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External customers	13,198	1,097	235	323	14,853
Inter-segment	8	-	-	211	219
	<u>13,206</u>	<u>1,097</u>	<u>235</u>	<u>534</u>	<u>15,072</u>
Adjustments/eliminations on combination					(219)
Consolidated revenue					<u>14,853</u>
Results					
Segment profit/(loss) before interest and taxation	3,438	68	(601)	(949)	1,956
Finance costs					(97)
Adjustments/eliminations on combination					-
Profit before taxation					<u>1,859</u>
Income tax expense					(15)
Profit after taxation					<u>1,844</u>

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A9. SEGMENTAL INFORMATION (CONTINUED)

<u>Geographical segment</u>	Malaysia	Singapore	Thailand	Others	Group
6 months ended 30/06/2022	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets	10,129	-	155	59	10,343
Segment assets/Consolidated total assets	47,256	614	1,105	863	49,838
Liabilities					
Segment liabilities	6,299	167	93	448	7,007
Unallocated liabilities:					
- current tax liabilities					78
Consolidated total liabilities					7,085

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment	Malaysia	Singapore	Thailand	Others	Group
6 months ended 30/06/2021	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
External customers	10,994	1,289	189	317	12,789
Inter-segment	-	-	-	372	372
	<u>10,994</u>	<u>1,289</u>	<u>189</u>	<u>689</u>	<u>13,161</u>
Adjustments/eliminations on combination					(372)
Consolidated revenue					<u>12,789</u>
Results					
Segment profit/(loss) before interest and taxation	5,130	(271)	(841)	(824)	3,194
Finance costs					(270)
Adjustments/eliminations on combination					(72)
Profit before taxation					<u>2,852</u>
Income tax expense					(18)
Profit after taxation					<u>2,834</u>

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A9. SEGMENTAL INFORMATION (CONTINUED)

Geographical segment	Malaysia	Singapore	Thailand	Others	Group
6 months ended 30/06/2021	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets	3,325	13	198	83	3,619
Segment assets/Combined total assets	16,411	193	2,242	1,689	20,535
Liabilities					
Segment liabilities	4,971	298	292	387	5,948
Unallocated liabilities:					
- current tax liabilities					124
Consolidated total liabilities					6,072

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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Fellow directors:				
Rental paid or payable to directors	(84)	(48)	(156)	(96)

The rental paid or payable to directors are derived from office spaces provided by Datuk Seri Tan Chee Seng and Lee Miew Lan. The office is located at headquarters as disclosed in the Annual report for the financial year ended 31 December 2021. The increase in current quarter is rental paid or payable for additional units from respective directors.

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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
	30/06/2022	30/06/2021		30/06/2022	30/06/2021	
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue from:						
Malaysia	5,559	6,585	(15.6)	13,198	10,994	20.0
Singapore	606	644	(5.9)	1,097	1,289	(14.9)
Thailand	171	162	5.6	235	189	24.3
Others [#]	138	317	(56.5)	323	317	1.9
	<u>6,474</u>	<u>7,708</u>		<u>14,853</u>	<u>12,789</u>	

#Others are revenue generated from Indonesia only

The Group's revenue of RM14.85 million for cumulative Q2 2022 is higher compared to cumulative Q2 2021 mainly due from the continuity of projects for provision of HCM and student management solutions for several new customers in Malaysia since last financial year. However, the revenue contributed from Singapore had decreased in cumulative Q2 2022 as compared to cumulative Q2 2021 because lower resource required by an existing customer. Both Thailand and Indonesia continues to generate revenue from annual maintenance support and software license of which the amount was not substantial compared to group revenue. Meanwhile, the Group's revenue of RM6.47 million for individual Q2 2022 is lower compared to individual Q2 2021 mainly due lower sales generated for provision of HCM technology applications in Malaysia compared to individual Q2 2021 because most of the milestones of the projects has completed in FYE 2021.

The Group recorded a lower gross profit margin of 54.82% and 49.52% for Q2 2022 as compared to 71.25% and 69.44% in Q2 2021 for individual and cumulative quarter respectively mainly due lower sales generated for provision of HCM technology applications in Malaysia where gross profit generated from it are higher compared to provision of HCM and student management solutions 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. Furthermore, the lower gross profit margin for cumulative Q2 2022 as compared to cumulative Q2 2021 as the staff cost incurred for research and development in individual Q1 2022 was expensed off as it does not meet capitalisation criteria in accordance with the accounting standard, while the staff cost incurred for research and development in individual Q1 2021 was capitalised.

The Group's profit before interest and taxation of RM1.07 million and RM1.96 million in Q2 2022 are lower compared to Q2 2021 of RM2.10 million and RM3.12 million for individual and cumulative quarter respectively mainly due to lower gross profit margin as mentioned above.

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

The Group's profit after taxation of RM1.01 million and RM1.84 million for individual and cumulative Q2 2022 respectively 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 Q2 2022 include mainly realised loss on foreign exchange and preliminary expense for a new subsidiary. Finance cost include interest expenses from 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.

The Group's profit after taxation of RM1.94 million and RM2.83 million for individual and cumulative Q2 2021 respectively 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 Q2 2021 includes mainly IPO expenses of RM0.91 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.

B2. COMPARATIVE WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	INDIVIDUAL QUARTER		
	Period ended		Changes %
	30/06/2022 RM'000	31/03/2022 RM'000	
Revenue	6,474	8,379	(22.7)
Profit before taxation	1,024	835	22.6

The Group's revenue slightly decreased in Q2 2022 because lower number of projects was performed in Q2 2022 as compared to Q1 2022 whereas most of the milestones of the projects was completed.

The Group's profit before taxation slightly increased in Q2 2022 because lower administrative expense recorded in Q2 2022 as compared to Q1 2022 such as lower office expense, food refreshment, staff welfare and so on.

B3. PROSPECTS AND OUTLOOK

The Malaysian Gross Domestic Product (“GDP”) had expanded by 8.9% in 2Q 2022 as reported in the Bank Negara Malaysia (BNM) Quarterly Report (1Q 2022: 5.0%) amidst improving domestic demand; lifted by labor market improvements, border reopening and policy assistance. Global growth continued to be moderate as a result of a slowdown in major economic activities.

Nevertheless, the Group foresees that this will continue to be a challenging year with the on-going Ukraine-Russia conflict and prolonged global Covid situation.

Despite increased pressure on its profitability, the Company remain focused on showing sustainable growth for the remaining financial year.

The digitalisation of HR functions for greater operational and cross departmental efficiency and increased productivity is expected to drive the demand for HCM and Student Management Solutions. Organisations will need to adopt innovative tech solutions to cope with future business needs.

The future and present digital transformation of businesses has led to an increased demand for ad-hoc IT personnel with specialised skillsets, which augurs well for our IT Staff Augmentation business.

With increasing digitalisation, security and seamless connectivity have become essentials in the workplace. Effective predictive analytics such as AI, multiple communication, and collaborative tools are crucial to managing the workforce.

Lark and Zoom are tools to optimize productivity and facilitate workplace digital transformations. With these opportunities, the Group maintains a positive outlook for FY2022.

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	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Amortisation of development costs	59	-	118	-
Depreciation of:				
-investment properties	4	4	8	8
-property, plant and equipment	62	51	130	109
-right-of-use assets	53	70	106	139
Interest expense:				
-bank overdraft	3	2	22	26
-flexi loan	4	5	11	9
-term loans	27	29	53	67
-redeemable convertible preference shares	-	48	-	160
Interest expense on lease liabilities	9	6	11	8
Short-term leases	90	44	187	81
Net loss/(gain) on foreign exchange:				
-realised	7	6	9	21
-unrealised	(153)	32	(153)	72
COVID-19-related subsidies from government	-	(17)	(27)	(48)
Interest income	(6)	-	(15)	(1)
Rental income from investment property	(13)	(14)	(27)	(26)

B6. INCOME TAX EXPENSE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
Current tax recognised in profit or loss:				
-Malaysian income tax	12	13	15	18
-Foreign income tax	-	-	-	-
Tax expense	12	13	15	18
Effective tax rate	1.2%	0.6%	0.8%	0.6%

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	4,055	4,796	Within 24 months
Research and development expenditure	4,101	3,900 ⁽³⁾	201	Within 24 months
Working capital	7,560	5,187 ⁽⁴⁾	2,373	Within 24 months
Estimating listing expenses	4,580	4,580	-	Within 1 month
	25,092	17,722	7,370	

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.

B7. UTILISATION OF PROCEEDS FROM THE IPO (CONTINUED)

(3) Included in the actual utilisation of research and development expenditure are as follows:-

- In respect of purchase of software license amounted to RM1.02 million, this was utilised for purchase of HRMS software license instead of Oracle Corp's cloud based HCM software as disclosed in the prospectus.
- An amount of RM2.29 million was utilised for HRMS technical consultancy and data analytics services instead of the enhancement of Feet's software through incorporation of AI technology as disclosed in the prospectus.

(4) Included in the actual utilisation of general working capital, under the category of overseas travelling and accommodation was an amount of RM0.89 million utilised by the sales and marketing personnel's local travelling.

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 30/06/2022 RM'000	As at 31/12/2021 RM'000
Current		
Secured:		
Bank overdraft	348	599
Flexi loan	541	557
Term loans	318	311
Lease liabilities	435	452
	<u>1,642</u>	<u>1,919</u>
Non-current		
Secured:		
Term loans	1,260	1,432
Lease liabilities	264	223
	<u>1,524</u>	<u>1,655</u>
Total borrowings:		
Bank overdraft	348	599
Flexi loan	541	557
Term loans	1,578	1,743
Lease liabilities	699	675
	<u>3,166</u>	<u>3,574</u>
The currency profile of borrowings is as follows:		
Ringgit Malaysia	3,166	3,574
Singapore Dollar	-	-
Thai Baht	-	-
	<u>3,166</u>	<u>3,574</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 June 2022.

B13. EARNING PER SHARES ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter ended		Period ended	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
Profit attributable to owners of the Company (RM'000)	1,244	2,180	2,285	3,172
Weighted average number of ordinary shares in issue ('000)	186,929	186,929 ⁽¹⁾	186,929	186,929 ⁽¹⁾
Basic/Diluted EPS (sen) ⁽²⁾	0.67	1.17	1.22	1.70

Notes:

- (1) For computation of basic earnings per share for the financial period ended 30 June 2021, it is assumed that the number of ordinary shares arising from the Acquisition, the Conversion of RCPS, the Subdivision of Shares and Public Issue were in issue throughout the financial year.
- (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 August 2022.