



ICT ZONE ASIA BERHAD
(Registration No. 201901003459 (1312785-X))
(Incorporated in Malaysia under the Companies Act 2016)

**FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 31 JULY 2021**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY ICT ZONE ASIA BERHAD (“ICT ZONE ASIA” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2021

	Unaudited As at 31 Jul 2021 RM'000	Audited As at 31 Jan 2021 RM'000
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	37,971	41,722
Investment properties	11,300	11,300
Right-of-use assets	82	90
Total non-current assets	49,353	53,112
Current assets		
Inventories	644	322
Trade receivables	6,112	5,989
Non-trade receivables, deposit and prepayments	171	386
Fixed deposits with licensed banks	740	740
Net investment in sub-lease	-	5
Tax recoverable	111	20
Cash and bank balances	6,886	2,069
Total current assets	14,664	9,531
Total assets	64,017	62,643
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to the owners of the Company		
Share capital	28,124	28,124
Retained earnings	15,775	12,967
Merger reserve	(8,106)	(8,106)
Total equity	35,793	32,985
Non-current liabilities		
Irredeemable Convertible Preference Shares ("ICPS")	5,002	5,002
Borrowings	13,410	5,404
Lease liabilities	124	43
Deferred tax liabilities	5,497	4,655
Total non-current liabilities	24,033	15,104

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 JULY 2021 (cont'd)

	Unaudited As at 31 Jul 2021 RM'000	Audited As at 31 Jan 2021 RM'000
Current liabilities		
Trade payables	1,668	7,594
Non-trade payables, deposit received and accruals	1,049	1,369
Borrowings	1,414	5,427
Lease liabilities	-	113
Tax payable	60	51
Total current liabilities	4,191	14,554
Total liabilities	28,224	29,658
Total equity and liabilities	64,017	62,643
Net assets per share (RM) ⁽²⁾	0.07	0.06

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 January 2021.*
- (2) *Net assets per share is calculated based on the Company's total number of issued shares of 533,757,500 ordinary shares as at 31 January 2021 and as at 31 July 2021.*

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

UNAUDITED COMBINED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 JULY 2021

	Individual 6 months ended		Cumulative 6 months ended	
	31 Jul 2021	31 Jul 2020	31 Jul 2021	31 Jul 2020
	RM'000	RM'000	RM'000	RM'000
Revenue	16,318	16,362	16,318	16,362
Cost of sales	(10,782)	(12,376)	(10,782)	(12,376)
Gross profit	5,536	3,986	5,536	3,986
Other income	296	1,290	296	1,290
Other operating expenses	(1,763)	(1,941)	(1,763)	(1,941)
Profit from operations	4,069	3,335	4,069	3,335
Finance costs	(334)	(903)	(334)	(903)
Profit before taxation	3,735	2,432	3,735	2,432
Taxation	(927)	(544)	(927)	(544)
Profit for the financial period	2,808	1,888	2,808	1,888
Earnings per share ("EPS") (sen):				
- Basic	0.53	0.35	0.53	0.35
- Diluted ⁽²⁾	0.46	0.31	0.46	0.31

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 January 2021.*
- (2) *Diluted EPS are calculated based on the number of ordinary shares in issue (after adjusting for the dilutive effects of the ICPS) of 609,077,500 ordinary shares for the financial period ended 31 July 2020 and 31 July 2021.*

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 JULY 2021

	← Non-distributable →		Distributable	
	Share capital	Merger reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000
At 1 February 2020	27,594	(8,106)	9,090	28,578
Profit for the financial period, representing total comprehensive profit for the financial period	-	-	1,888	1,888
Transactions with owners:				
Issuance of ordinary shares	156	-	-	156
Issuance of ICPS	374	-	-	374
Total transactions with owners	530	-	-	530
At 31 July 2020	28,124	(8,106)	10,978	30,996
At 1 February 2021	28,124	(8,106)	12,967	32,985
Profit for the financial period, representing total comprehensive profit for the financial period	-	-	2,808	2,808
At 31 July 2021	28,124	(8,106)	15,775	35,793

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 January 2021.

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2021

	6 months ended	
	31 Jul 2021	31 Jul 2020
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	3,734	2,432
Adjustments for:		
Depreciation of right-of-use assets	7	41
Depreciation of property, plant and equipment	6,735	7,288
Gain on disposal of property, plant and equipment	(659)	-
Interest expense	330	130
Interest income from net investment in sub-lease	-	(4)
Effective interim nett yield on ICT Interest Value	-	650
Operating profit before working capital changes	10,147	10,537
Decrease/(increase) in inventories	(322)	50
Decrease in net investment in sub-lease	5	527
Decrease in payables	(6,070)	(19,228)
(Increase)/decrease in receivables	(149)	4,579
(Increase)/decrease in capital reserve fund	-	22,080
Cash generated from operations	3,611	18,545
Tax paid	(102)	(140)
Interest received from net investment in sub-lease	-	4
Net cash from operating activities	3,509	18,409
Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	(4,126)	(7,583)
Proceeds from disposal of property, plant and equipment	1,801	130
Net changes in fixed deposits	-	(518)
Net cash used in investing activities	(2,325)	(7,971)
Cash Flows From Financing Activities		
Drawdown of term loan	8,269	7,710
Repayment of lease liabilities	(30)	(481)
Interest paid – others	(325)	(123)
Interest paid – lease liabilities	(5)	(7)
Proceeds from issuance of ordinary shares	-	156
Proceeds from issuance of ICPS	-	624
Interim nett yield on ICT Interest Value	-	(576)
Repayment of term loan	(2,129)	(1,057)
Net changes in short-term borrowing	(2,147)	1,801
Withdrawal of ICT Interest Value	-	(14,956)
Net cash from/(used in) financing activities	3,633	(6,909)

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

UNAUDITED COMBINED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 JULY 2021 (cont'd)

	6 months ended	
	31 Jul 2021	31 Jul 2020
	RM'000	RM'000
Net increase in cash and cash equivalents	4,817	3,529
Cash and cash equivalents at beginning of the financial period	2,069	1003
Cash and cash equivalents at end of the financial period	6,886	4,532
Cash and cash equivalent at the end of the financial period comprises:		
Cash and bank balances	6,886	4,532
Total cash and cash equivalents	6,886	4,532

Note:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 January 2021.*

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2021

A1. BASIS OF PREPARATION

The interim financial statements of ICT Zone Asia and its subsidiaries (the “Group”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting.

This is the interim financial report on the consolidated results for the financial period ended 31 July 2021 announced by the Company in compliance with the LEAP Market Listing Requirements of Bursa Securities (“Listing Requirements”). The comparative figures have been presented as if the combination has occurred from the date when the combining entities first came under common control.

The interim financial report should be read in conjunction with the Audited Combined Financial Statements for the financial year ended 31 January 2021 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Audited Consolidated Financial Statements for the financial year ended 31 January 2021.

The Group has not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by Malaysian Accounting Standard Board but are not yet effective for the Group:

<u>MFRS</u>	<u>Effective date</u>
• Amendments to MFRS 16, <i>Leases: Covid-19-Related Rent Concessions</i>	1 June 2020
• Amendments to MFRS 9, <i>Financial Instruments</i> , MFRS 139, <i>Financial Instruments: Recognition and Measurement</i> , MFRS 7, <i>Financial Instruments: Disclosures</i> , MFRS 4, <i>Insurance Contracts</i> and MFRS 16, <i>Leases: Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
• Amendments to MFRS 3, <i>Business Combinations: Reference to the Conceptual Framework</i>	1 January 2022
• Amendments to MFRS 116, <i>Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
• Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
• Amendments to MFRS 16 <i>Leases: Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 1, <i>First-time Adoption of Malaysian Financial Reporting Standards</i>	1 January 2022
- Amendments to MFRS 9, <i>Financial Instruments</i>	1 January 2022
• Annual improvements to MFRSs 2018 - 2020 cycle	
• Amendments to MFRS 16, <i>Leases</i>	1 January 2022
• Amendments to MFRS 141, <i>Agriculture</i>	1 January 2022
• Amendments to MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• MFRS 17, <i>Insurance Contracts</i>	
• Amendments to MFRS 101, <i>Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current</i>	1 January 2023
• Amendments to MFRS 101, <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
• Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128 <i>Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture</i>	Deferred

The Group did not early adopt any new standards, interpretations or amendments that have been issued but are not yet effective.

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 JULY 2021 (cont'd)**A3. SEASONAL AND CYCLICAL FACTORS**

The business operations of the Group are not significantly affected by any seasonal or cyclical factors.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period under review.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates in the current financial period under review that have not been reflected in this interim financial report.

A6. DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period under review.

A7. SEGMENTAL INFORMATION

The Group's revenue is derived from 4 segments which are the leasing of information communication and technology ("ICT") hardware and software, trading and rental of ICT solutions and provision of ICT services. The Group's revenue based on business segments is presented as follows:

	Individual 6 months ended		Cumulative 6 months ended	
	31 Jul 2021	31 Jul 2020	31 Jul 2021	31 Jul 2020
	RM'000	RM'000	RM'000	RM'000
Leasing of ICT hardware and software	8,452	9,452	8,452	9,452
Trading of ICT solutions	4,832	4,618	4,832	4,618
Rental of ICT solutions	2,976	2,237	2,976	2,237
Provision of ICT services	58	55	58	55
Total	16,318	16,362	16,318	16,362

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL PERIOD

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

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial period under review.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A11. CAPITAL COMMITMENTS

There is no material capital commitment in respect of property, plant and equipment as at the date of this interim financial report.

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

Our revenue derived from the leasing of ICT software and hardware segment decreased to RM8.5 million in the current financial period ended 31 July 2021 from RM9.5 million in the corresponding period of the preceding year, representing a decrease of RM1.0 million or 10.6%. This decrease was mainly due to secured contracts yet to be deployed due to global ICT inventory shortages.

Our revenue derived from the rental of ICT solutions segment increased to RM3.0 million in the current financial period ended 31 July 2021 from RM2.2 million in the corresponding period of the preceding year, representing an increase of RM0.7 million or 33.0%. This increase was mainly due to higher demand arising from amongst others, work-from-home policies, Covid-19 vaccination centres and extension of expired rental contracts under the leasing segment following global ICT inventory shortages.

The Group recorded a profit after tax (“**PAT**”) of RM2.8 million for the current financial period ended 31 July 2021 as compared to a PAT of RM1.9 million in the corresponding period of the preceding year, representing an increase of RM0.9 million or 47.0%. This was mainly attributable to:

- (i) higher gross profit contributed from the rental of ICT solutions segment mainly as a result of lower cost of ICT solutions attributable to the extension of expired rental contracts under the leasing segment; and
- (ii) lower finance costs as a result of the redemption of ICT Zone Ventures Scheme (as detailed in the Company’s Information Memorandum dated 6 November 2020) in January 2020 and April 2020.

B2. COMMENTARY ON PROSPECTS

As disclosed in the Company’s Information Memorandum dated 6 November 2020, the Group has in place a series of future plans and strategies to further expand the Group’s business which are focused in the following areas:

- (i) Expand the Group’s revenue stream from device management software and computer security software. As part of this expansion plan, the Group has been appointed by Hewlett-Packard (M) Sdn Bhd as the authorised reseller for its device management software and computer security software in June 2021.
- (ii) Offer the Group’s new and existing customers a new option for financing ICT solutions.
- (iii) Grow sales on the Group’s e-commerce platform, www.komputermurah.my. Since its launch in February 2020, the Group’s e-commerce platform has received good response for its refurbished ICT hardware and has generated a revenue of RM1.6 million in aggregate. To continue this growth, the Group is looking to, amongst others, expand its sales team responsible for the e-commerce platform.

In addition, the Group is also focused on growing its leasing and rental segments which contributed 51.8% of the Group’s revenue for the financial period ended 31 July 2021. As at 31 Aug 2021, our order book for these two segments for the next 3 years is approximately RM77.2 million, of which RM20 million is expected to be recognised in the financial year ending 31 January 2022

ICT ZONE ASIA BERHAD

(Registration No. 201901003459 (1312785-X))

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (cont'd)

The Board of Directors of the Company ("**Board**") has closely monitored the development of the outbreak of coronavirus pandemic ("**COVID-19**") infection in Malaysia. The resurgence in number of new COVID-19 cases has led to the implementation of the Movement Control Order ("**MCO**"), Conditional Movement Control Order ("**CMCO**") and other precautionary measures imposed by the Malaysian Government. The COVID-19 pandemic played a part in driving the Digital Economy. Many corporations have implemented work-from-home policies during the MCO and CMCO, which gave rise to the use of digital tools to enable file sharing, virtual video and audio teleconferencing as well as project management tools. The Group benefitted from the accelerated shift towards the Digital Economy and is expected to continue benefiting as ICT solutions become increasingly essential in carrying out daily operational tasks. Barring any unforeseen circumstances, the Board is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 January 2022 will remain favourable.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

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

C OTHER INFORMATION**C1. STATUS OF CORPORATE PROPOSALS**

There were no corporate proposals announced as at the date of this report.

C2. MATERIAL LITIGATION

There were no material litigations pending as at the date of this report.

C3. DIVIDENDS

In accordance with the terms of the ICPS as set out in Appendix I of the Company's Information Memorandum dated 6 November 2020, the Company will pay a preference dividend of RM0.02 per ICPS on 15 October 2021.

Save for the above, the Board does not recommend any dividend for the current financial period.