



RTS TECHNOLOGY HOLDINGS BERHAD

(Registration No. 201901002350 (1311676-A))

(Incorporated in Malaysia under the Companies Act, 2016)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE
1ST HALF-YEAR ENDED 30 JUNE 2022**

**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 AND 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 US. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN US AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

RTS TECHNOLOGY HOLDINGS BERHAD
Registration No: 201901002350 (1311676-A)
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2022⁽¹⁾

	UNAUDITED INDIVIDUAL 6 MONTHS		UNAUDITED CUMULATIVE PERIOD	
	30.06.2022 ⁽¹⁾ RM'000	30.06.2021 RM'000	30.06.2022 ⁽¹⁾ RM'000	30.06.2021 RM'000
Revenue	3,741	2,984	3,741	2,984
Cost of sales	(841)	(1,251)	(841)	(1,251)
Gross profit	2,900	1,733	2,900	1,733
Other operating income	176	33	176	33
Administrative expenses	(2,311)	(2,482)	(2,311)	(2,482)
Other operating expenses	(11)	(19)	(11)	(19)
Share of result of an associate company	784	2	784	2
Finance costs	(104)	(96)	(104)	(96)
Profit/(Loss) before tax	1,434	(829)	1,434	(829)
Tax expense	(399)	(42)	(399)	(42)
Profit/(Loss) for the financial period	1,035	(871)	1,035	(871)
Other comprehensive income/(loss)	(34)	24	(34)	24
Total comprehensive income/(loss) for the financial period	1,001	(847)	1,001	(847)
Profit/(Loss) for the financial period attributable:				
- Owners of the Company	1,035	(871)	1,035	(871)
Total comprehensive income/(loss) for the financial period attributable to:				
Owners of the Company	1,001	(847)	1,001	(847)
Earnings/(Loss) per ordinary share (sen) ⁽²⁾				
- Basic	0.83	(0.70)	0.83	(0.70)
- Diluted	N/A	N/A	N/A	N/A

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended ("FYE") 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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(2) Earnings/loss per share is computed based on the Company's total number of issued shares of 124,404,208 as at the end of the respective reporting period. During the financial period, there were no shares in issuance which would have a dilutive effect on the earnings per share of the Group.

N/A Not applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Unaudited As at 30.06.2022 ⁽¹⁾ RM'000	Audited As at 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,428	1,388
Right-of-use assets	761	539
Investment in associate company	1,841	1,091
Other investment	909	909
	4,939	3,927
Current assets		
Trade receivables	8,513	7,678
Other receivables, deposits and prepayments	799	387
Contract assets	735	3,920
Tax recoverable	214	133
Deposits with licensed banks	1,467	1,996
Cash and bank balances	4,507	2,989
	16,235	17,103
TOTAL ASSETS	21,174	21,030
EQUITY AND LIABILITIES		
Equity		
Share capital	13,526	13,526
Retained profits	9,176	8,141
Merger reserve	(8,245)	(8,245)
Foreign exchange reserve	175	209
Total equity attributable to owners of the Group	14,632	13,631
Non-current liabilities		
Deferred tax liabilities	50	51
Hire purchase payables	517	374
Lease liabilities	66	55
Term loans	1,147	1,345
	1,780	1,825
Current liabilities		
Trade Payables	1,026	2,798
Other payables, deposits received and accruals	269	386
Contract liabilities	265	223
Hire purchase payables	175	122
Lease liabilities	49	37
Term loans	463	464
Bankers' acceptance	1,544	937
Bank overdrafts	670	466
Provision for taxation	301	141
	4,762	5,574
Total liabilities	6,542	7,399
TOTAL EQUITY AND LIABILITIES	21,174	21,030
Net asset per share (RM) ⁽²⁾	0.12	0.11

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Group's total number of issued shares as at the end of the respective financial reporting period of 124,404,208.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	Share Capital RM'000	Merger Deficit RM'000	Foreign exchange reserve RM'000	Retained Profits RM'000	Total Equity RM'000
<u>Unaudited financial period ended 30 June 2022 ⁽¹⁾</u>					
As at 1 January 2022	13,526	(8,245)	209	8,141	13,631
Transaction with owners:		-			
Issuance of shares	-	-	-	-	-
Total comprehensive income for the period	-	-	(34)	1,035	1,001
As at 30 June 2022	13,526	(8,245)	175	9,176	14,632
<u>Audited financial year ended 31 December 2021</u>					
As at 1 January 2021	12,696	(8,245)	231	7,583	12,265
Transaction with owners:					
Issuance of shares	852	-	-	-	852
Shares issuance expenses	(22)	-	-	-	(22)
Total comprehensive income for the period	-	-	(22)	558	536
As at 31 December 2021	13,526	(8,245)	209	8,141	13,631

Note:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2022

	6 MONTHS ENDED	
	30.06.2022⁽¹⁾	30.06.2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	1,434	(829)
Adjustments for:		
Depreciation of property, plant and equipment	49	128
Depreciation of right-of-use assets	114	24
Loss on disposal of property, plant and equipment	5	-
Gain on disposal of right-of-use assets	(85)	-
Interest expenses	104	96
Interest income	(8)	(10)
Unrealised gain on foreign exchange	(4)	(33)
Share of result of an associate company	(784)	(2)
Operating profit/(loss) before working capital changes	825	(626)
Inventories	-	-
Receivables	(1,247)	47
Payables	(1,889)	429
(Increase)/decrease in contract assets	3,185	497
(Decrease)/increase in contract liabilities	42	401
Cash generated from operations	916	748
Interest paid	(101)	(92)
Interest received	8	10
Tax paid	(320)	(593)
Net cash generated from operating activities	503	73
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(93)	(46)
Purchase of right-of-use assets	(15)	-
Proceeds from disposal of right-of-use assets	83	-
Proceed from disposal of property, plant and equipment	-	1
Net cash used from investing activities	(25)	(45)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in placement with maturity more than 90 days	(72)	(75)
Draw-down from bankers' acceptance	1,976	-
Repayment of bankers' acceptance	(1,369)	(793)
Interest paid on lease liabilities	(4)	(4)
Repayment of lease liabilities	(24)	(22)
Proceeds from issuance of shares	-	830
Repayment of hire purchase payable	(76)	(85)
Repayment of term loans	(199)	(220)
Net cash generated/(used) in financing activities	232	(369)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	710	(341)
Effects of exchange rate	4	33
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	3,244	5,659
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	3,958	5,351

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2022 (CONT'D)**

	6 MONTHS ENDED	
	30.06.2022⁽¹⁾	30.06.2021
	RM'000	RM'000
Cash and cash equivalents at end of the financial period		
comprises:		
- Fixed deposits placed with a licensed bank	1,467	1,319
- Cash and bank balances	4,507	5,231
- Bank overdrafts	(670)	-
	<hr/>	<hr/>
	5,304	6,550
Less: Deposits with maturity more than 90 days	(1,346)	(1,199)
	<hr/>	<hr/>
	<u>3,958</u>	<u>5,351</u>

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

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PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR FINANCIAL PERIOD ENDED 30 JUNE 2022

A1 Basis of Preparation

RTS Technology Holdings Berhad (“**RTS**” or the “**Company**”) was incorporated in Malaysia on 18 January 2019 as a public limited company under the Companies Act 2016. The Company’s registered office is located at Unit V3-08-06, Sunway Velocity Designer Office, Lingkaran SV, Sunway Velocity, Cheras, 55100 Kuala Lumpur. RTS was listed on the LEAP Market on 11 June 2021.

The interim financial statements of RTS Technology Holdings Berhad and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

The unaudited interim financial statements for the 6-month FPE 30 June 2022 should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.

A2 Significant 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 financial statements for the FYE 31 December 2021 of the Group. Except for the adoption of the following new MFRS, Amendments to MFRSs and Annual Improvements to MFRS Standards:

a) New MFRSs adopted during the financial year

On 1 January 2022, the Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2022.

Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
- MFRS 1	
- MFRS 9	
- MFRS 141	
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

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group

b) The following are MFRSs, Amendments to MFRSs and IC Interpretations that have been issued by Malaysian Accounting Standards Board (“**MASB**”) but are not yet effective and have not been adopted by the Group:

Title	Effective Date
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
Initial Application of MFRS 17 and MFRS 9-Comparative Information (Amendment to MFRS 17 <i>Insurance Contracts</i>)	1 January 2023

Disclosure of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors 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

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112) 1 January 2023

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

A3 Auditors' Report

There was no qualification on the audited financial statements of the Group for the FYE 31 December 2021.

A4 Seasonal and Cyclical Factors

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

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

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

A6 Material changes in Estimates

There were no material changes in estimates that have a material effect on the financial period under review.

A7 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the financial period under review.

A8 Dividends Paid

There is no dividend declared or proposed as at the date of this report.

A9 Segmental Reporting

The reportable segments are summarised as follows:

- (i) Analysis of revenue breakdown by product/service category

	Unaudited			
	Individual 6 months ended			
	30.6.2022		30.6.2021	
	RM'000	%	RM'000	%
Design, engineering and system integration of expressway toll collection system	2,111	56.4	1,343	45.0
Sale of goods and service rendered	1,630	43.6	1,641	55.0
Total revenue	3,741	100.0	2,984	100.0

- (ii) Analysis of revenue breakdown by geographical locations

	Unaudited			
	Individual 6 months ended			
	30.6.2022		30.6.2021	
	RM'000	%	RM'000	%
<u>Local Revenue</u>				
Malaysia	2,548	68.1	2,013	67.5
Total Local Revenue	2,548	68.1	2,013	67.5
<u>Overseas Revenue</u>				
Philippines	1,099	29.4	747	25.0
Myanmar	94	2.5	224	7.5
Total Overseas Revenue	1,193	31.9	971	32.5
Total revenue	3,741	100.0	2,984	100.0

A10 Profit before taxation

Profit before taxation is arrived after charging/(crediting):-

	Unaudited	
	Individual 6 months ended	
	30.6.2022	30.6.2021
	RM'000	RM'000
Auditors' remuneration		
- Statutory audit		-
- current year	22	-
- (over) provision in prior year	(3)	-
- Others	-	2
Depreciation of property, plant and equipment	49	128
Depreciation of right-of-use assets	114	24
Rental of equipment	-	-
Rental of indoor plant	1	1
Rental of office	4	14
Rental of parking lot (office)	10	7
Rental of Photostat machine	5	5
Rental of skylift	6	14
Staff costs:		
- Allowance	38	8
- Bonus	74	71
- Employees' Provident Fund contribution	111	109
- E.I.S. contribution	1	1
- Salaries	856	882
- SOCSO contribution	10	11

A11 Valuation of property, plant and equipment

There was no valuation on property, plant and equipment during the financial period under review.

A12 Material Events after the End of the Reporting Period

There were no other material events subsequent to the end of the financial period under review.

A13 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period, including business combinations, acquisition and disposal of subsidiaries and long-term investments, restructurings and discontinued operations.

A14 Contingent Liabilities and Contingent Assets

Save as disclosed below, there were no other contingent liabilities as at the date of this interim report.

	<u>Unaudited</u>
	As at 30.06.2022
	RM
Secured	
Corporate guarantees extended to third parties	1,276,811

Note:

There were no contingent assets as at the date of this unaudited interim report.

A15 Capital Commitments

There are no material capital commitments as at the date of this unaudited interim report.

PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (“LISTING REQUIREMENTS”)

B1 Review of Performance

Comparison between current 6 months financial period (“1H FYE 2022”) and the preceding year 6 months financial period (“1H FYE 2021”)

The Group recorded revenue of RM3.74 million for the 6-month FPE 30 June 2022 as compared with RM 2.98 million in the preceding corresponding financial period representing an increase of approximately 25.5% or RM 0.76 million.

The increase in revenue was mainly contributed by the design, engineering and integration of expressway toll collection system segment which recorded an increase in revenue by RM 0.77 million or 57.5% from RM1.34 million in the preceding 6 months financial period ended 30 June 2021 to RM2.11 million during the financial period ended 30 June 2022. This is as a result of timely delivery of project and recognition of revenue from the completed overseas and local projects during the current financial period under review.

In terms of geographical locations, the revenue generated from Malaysian customers continue to be the largest contributor, being 68.1% of the Group’s total revenue whereas the revenue generated from overseas customers contributed 31.9% of the Group’s total revenue, which is mainly contributed by customers from Philippines.

The Group achieved profit before tax (“PBT”) of RM1.43 million for the 6-month FPE 30 June 2022 as compared with a loss before tax of RM0.83 million in the preceding 6-month FPE 30 June 2021. The increase in PBT was primarily due to the reduction in the cost of sales and increase in share of result of associate company of RM0.78 million during the current financial period under review.

B2 Commentary on Prospect

The Group anticipates the domestic economic outlook to be challenging in the 2H of 2022 in view of the headwinds arising from the geopolitical tensions of the Ukraine-Russian conflict, continuation of the disruption in global supply chain, global inflationary pressure and rising interest rates. Notwithstanding the above, the Malaysian Government has continued efforts to promote economic recovery through various measures.

Nevertheless, the Group will continuously monitor current economic condition and will also take appropriate measures and precaution to minimise the impact of the abovementioned macro-economic headwinds on the Group’s operations.

Premised on the above and barring unforeseen circumstances, the Board of Directors of the Company expects the Group’s financial performance for the financial year 2022 to be satisfactory.

B3 Profit Forecast, Profit Guarantee and Internal Targets

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

PART C – OTHER INFORMATION

C1 Status of Corporate Proposal

There was no corporate proposal announced but pending completion as at the date of this unaudited interim report.

C2 Utilisation of Proceeds

The status of the utilisation of the proceeds as at 31 May 2022 as stated below which has been raised from the Excluded Issue is as follows:

Utilisation of Proceeds		Estimated timeframe for utilisation upon Listing	Proposed Utilisation ⁽¹⁾	Actual Utilisation	Balance Unutilised
			RM'000	RM'000	RM'000
(i)	Working capital for new business expansion	Within 24 months	340	(10)	330
(ii)	Capital expenditure	Within 12 months	298	-	298
(iii)	Estimated listing expenses	Upon listing	214	(214)	-
Total			852	(224)	628

Note:

(1) As per the Supplemental Information Memorandum of the Company dated 24 May 2021.

On 1 June 2022, the Company announced the decision to vary and further extend the timeframe for utilisation of the Proceeds. The Company has redeployed the remaining RM0.63 million from working capital for new business expansion and capital expenditure to general working capital as shown in the table below.

The status of the utilisation of the proceeds as at 30 June 2022 is as follows:

Utilisation of Proceeds		Estimated timeframe for utilisation from 1 June 2022	Revised Proposed Utilisation	Actual Utilisation ⁽¹⁾	Balance Unutilised
			RM'000	RM'000	RM'000
(i)	General working capital				
	-Staff cost	Within 24 months	210	(4)	206
	-Hardware	Within 24 months	281	-	281
	-Software	Within 24 months	87	-	87
	-Forwarding & shipping charges	Within 24 months	16	-	16
	-Rental of new offices	Within 12 months	34	(3)	31
Total			628	(7)	621

Note:

(1) As at 30 June 2022, RM 7k has been utilised for staff cost and rental of new offices.

The utilisation of proceeds as disclosed above should be read in conjunction with the company announcement made on 1 June 2022.

C3 Material Litigation

The Company was not engaged in any material litigation as at the date of this unaudited interim report.

C4 Dividend

There were no dividends paid during the financial period under review.

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