



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 2023**

**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 2023⁽¹⁾**

	UNAUDITED INDIVIDUAL 6 MONTHS		UNAUDITED CUMULATIVE PERIOD	
	30.06.2023 ⁽¹⁾ RM'000	30.06.2022 RM'000	30.06.2023 ⁽¹⁾ RM'000	30.06.2022 RM'000
Revenue	3,306	3,741	3,306	3,741
Cost of sales	(929)	(841)	(929)	(841)
Gross profit	2,377	2,900	2,377	2,900
Other operating income	93	176	93	176
Administrative expenses	(2,756)	(2,311)	(2,756)	(2,311)
Other operating expenses	(57)	(11)	(57)	(11)
Share of result of an associate company	(143)	784	(143)	784
Finance costs	(77)	(104)	(77)	(104)
(Loss)/Profit before tax	(563)	1,434	(563)	1,434
Tax expense	(49)	(399)	(49)	(399)
(Loss)/Profit for the financial period	(612)	1,035	(612)	1,035
Other comprehensive (loss)/income	65	(34)	65	(34)
Total comprehensive (loss)/income for the financial period	(547)	1,001	(547)	1,001
(Loss)/Income for the financial period attributable:				
- Owners of the Company	(612)	1,035	(612)	1,035
Total comprehensive (loss)/income for the financial period attributable to:				
Owners of the Company	(547)	1,001	(547)	1,001
(Loss)/Earnings per ordinary share (sen) ⁽²⁾				
- Basic	(0.49)	0.83	(0.49)	0.83
- 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 2022 and the accompanying explanatory notes attached to this interim financial report.

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(2) (Loss)/earnings 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 2023

	Unaudited As at 30.06.2023⁽¹⁾ RM'000	Audited As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	1,930	2,054
Right-of-use assets	65	90
Investment in associate company	979	1,057
Other investment	647	647
Deferred tax asset	126	126
	3,747	3,974
Current assets		
Trade receivables	3,774	5,613
Other receivables, deposit and prepayment	494	463
Amount due from associated company	2,906	4,280
Contract assets	857	669
Income tax assets	211	140
Fixed deposits with licensed banks	1,879	1,555
Cash and bank balances	3,075	3,070
	13,196	15,790
TOTAL ASSETS	16,943	19,764
EQUITY AND LIABILITIES		
Equity		
Share capital	13,526	13,526
Retained profits	7,659	8,271
Merger reserve	(8,245)	(8,245)
Foreign exchange reserve	242	177
Total equity attributable to owners of the Group	13,182	13,729
Non-current liabilities		
Lease liabilities	21	41
Borrowings	1,041	1,403
	1,062	1,444
Current liabilities		
Trade payables	269	1,023
Other payables and accruals	355	814
Contract liabilities	35	41
Lease liabilities	45	50
Borrowings	1,959	2,501
Income tax liabilities	36	162
	2,699	4,591
Total liabilities	3,761	6,035
TOTAL EQUITY AND LIABILITIES	16,943	19,764
Net asset per share (RM) ⁽²⁾	0.11	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 2022 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 2023

	Share Capital RM'000	Merger Deficit RM'000	Foreign exchange reserve RM'000	Retained Profits RM'000	Total Equity RM'000
Unaudited financial period ended 30 June 2023 ⁽¹⁾					
As at 1 January 2023	13,526	(8,245)	177	8,271	13,729
Total comprehensive income for the period	-	-	65	(612)	(547)
As at 30 June 2023	13,526	(8,245)	242	7,659	13,182
Audited financial year ended 31 December 2022					
As at 1 January 2022	13,526	(8,245)	209	8,141	13,631
Prior year adjustment	-	-	-	(837)	(837)
As at 1 January 2022	13,526	(8,245)	209	7,304	12,794
Transaction with owners: Dividend	-	-	-	(311)	(311)
Total comprehensive income for the period	-	-	(32)	1,278	1,246
As at 31 December 2022	13,526	(8,245)	177	8,271	13,729

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 2022 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 2023

	6 MONTHS ENDED	
	30.06.2023⁽¹⁾	30.06.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(563)	1,434
Adjustments for:		
Depreciation of property, plant and equipment	142	138
Depreciation of right-of-use assets	25	25
Loss on disposal of property, plant and equipment	-	5
Gain on disposal of right-of-use assets	-	(85)
Interest expenses	77	104
Interest income	(15)	(8)
Unrealised gain on foreign exchange	(7)	(4)
Share of result of an associate company	143	(784)
Operating profit/(loss) before working capital changes	(198)	825
Receivables	1,808	(238)
Amount due from associate company	1,374	(1,009)
Payables	(901)	(1,889)
(Increase)/decrease in contract assets	(188)	3,185
(Decrease)/increase in contract liabilities	(6)	42
Cash generated from operations	1,889	916
Interest paid	(74)	(101)
Interest received	15	8
Tax paid	(300)	(320)
Tax refund	54	-
Net cash generated from operating activities	1,584	503
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18)	(93)
Purchase of right-of-use assets	-	(15)
Proceeds from disposal of right-of-use assets	-	83
Net cash used from investing activities	(18)	(25)
CASH FLOWS FROM FINANCING ACTIVITIES		
Changes in placement with maturity more than 90 days	(73)	(72)
Proceeds from bankers' acceptance	806	1,976
Repayment of bankers' acceptance	(1,402)	(1,369)
Interest paid on lease liabilities	(3)	(4)
Repayment of lease liabilities	(25)	(24)
Dividend paid	(311)	-
Repayment of finance lease liabilities	(115)	(76)
Repayment of term loans	(232)	(199)
Net cash (used)/generated in financing activities	(1,355)	232
NET INCREASE IN CASH AND CASH EQUIVALENTS	211	710
Effects of exchange rate	7	4
CASH AND CASH EQUIVALENTS AS AT BEGINNING OF THE FINANCIAL PERIOD	2,606	3,244
CASH AND CASH EQUIVALENTS AS AT END OF THE FINANCIAL PERIOD	2,824	3,958

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE
FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONT'D)

	6 MONTHS ENDED	
	30.06.2023 ⁽¹⁾	30.06.2022
	RM'000	RM'000
Cash and cash equivalents at end of the financial period		
comprises:		
- Fixed deposits placed with a licensed bank	1,879	1,467
- Cash and bank balances	3,075	4,507
- Bank overdrafts	(624)	(670)
	<hr/> 4,330	<hr/> 5,304
Less: Deposits with maturity more than 90 days	(1,506)	(1,346)
	<hr/> <hr/> 2,824	<hr/> <hr/> 3,958

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 2022 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 2023**

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 2023 should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2022 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 2022 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 2023, the Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2022.

- Amendments to MFRS 4 (Extension of the Temporary Exemption from Applying MFRS 9)
- MFRS 17 (Insurance Contracts)
- Amendments to MFRS 17 (Insurance Contracts)
- Amendments to MFRS 101 and MFRS Practise Statement 2 (Disclosure of Accounting Policies)
- Amendments to MFRS 108 (Definition of Accounting Estimates)
- Amendments to MFRS 112 (Deferred Tax related to Assets and Liabilities arising from Single Transaction)
- Amendments to MFRS 17 (Initial Application on MFRS 9 and MFRS 17 Comparative Information)

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:

Amendments to MFRSs		Effective for annual periods beginning on or after
Amendments to MFRS16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS101	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS101	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS10 and MFRS 128	<i>Sale or Contribution of Assets between on Investor and Its Associate or Joint Venture</i>	Deferred

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 2022.

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

In respect of financial year ended 31 December 2022, an interim single tier dividend of 0.25 sen per ordinary share had been declared on 14 December 2022 and paid on 6 January 2023.

A9 Segmental Reporting

The reportable segments are summarised as follows:

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

	Unaudited			
	Individual 6 months ended			
	30.6.2023		30.6.2022	
	RM'000	%	RM'000	%
Design, engineering and system integration of expressway toll collection system	1,133	34.3	2,111	56.4
Sale of goods and service rendered	2,173	65.7	1,630	43.6
Total revenue	3,306	100.0	3,741	100.0

- (ii) Analysis of revenue breakdown by geographical locations

	Unaudited			
	Individual 6 months ended			
	30.6.2023		30.6.2022	
	RM'000	%	RM'000	%
<u>Local Revenue</u>				
Malaysia	2,334	70.6	2,548	68.1
Total Local Revenue	2,334	70.6	2,548	68.1
<u>Overseas Revenue</u>				
Philippines	952	28.8	1,099	29.4
Myanmar	20	0.6	94	2.5
Total Overseas Revenue	972	29.4	1,193	31.9
Total revenue	3,306	100.0	3,741	100.0

A10 Profit before taxation

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

	Unaudited	
	Individual 6 months ended	
	30.6.2023	30.6.2022
	RM'000	RM'000
Auditors' remuneration		
- Statutory audit		
- current year	33	22
- (over) provision in prior year	-	(3)
- Others	9	-
Depreciation of property, plant and equipment	142	138
Depreciation of right-of-use assets	25	25
Rental of indoor plant	1	1
Rental of office	-	4
Rental of parking lot (office)	8	10
Rental of Photostat machine	2	5
Rental of skylift	6	6
Staff costs:		
- Allowance	68	38
- Bonus	153	74
- Employees' Provident Fund contribution	132	111
- E.I.S. contribution	1	1
- Salaries	964	856
- SOCSO contribution	13	10

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 30.06.2023
	RM
Secured	
Corporate guarantees extended to third parties	883,262

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 2023”) and the preceding year 6 months financial period (“1H FYE 2022”)

The Group recorded revenue of RM 3.31 million for the 1H FYE 2023 as compared with RM 3.74 million in the 1H FYE 2022 representing a decline of approximately 11.5% or RM 0.43 million.

The decline in revenue was mainly contributed by the design, engineering and integration of expressway toll collection system segment which recorded a decrease in revenue by RM 0.98 million or 46.4% from RM 2.11 million in the 1H FYE 2022 to RM 1.21 million in the 1H FYE 2023. However, the decline in revenue from the design, engineering and integration of expressway toll collection system segment was partially offset by the higher revenue of sales of goods and service rendered by RM 0.54 million or 33.1% from RM 1.63 million in the 1H FYE 2022 to RM 2.17 million during 1H FYE 2023.

In terms of geographical locations, the revenue generated from Malaysian customers continue to be the largest contributor, being 70.6% of the Group’s total revenue whereas the revenue generated from overseas customers contributed 29.4% of the Group’s total revenue, which is mainly contributed by customers from Philippines.

The Group achieved a loss before tax (“LBT”) of RM 0.56 million for the 1H FYE 2023 as compared with a profit before tax of RM1.43 million in the 1H FYE 2022. The LBT recorded for the 1H FYE 2023 was primarily due to the reduction in the gross profit which is in line with the lower revenue, the increased in general administrative expenses and recorded loss in share of result of associate company of RM 0.14 million during the current financial period under review.

B2 Commentary on Prospect

The Group anticipates the domestic economic outlook to be challenging in the second half of 2023 in view of the prolonged 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 continue to 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 2023 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 2023 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	(210)	-
	-Hardware	Within 24 months	281	(133)	148
	-Software	Within 24 months	87	(87)	-
	-Forwarding & shipping charges	Within 24 months	16	(16)	-
	-Rental of new offices	Within 12 months	34	(34)	-
			628	(480)	148

Note:

(1) As at 30 June 2023, RM0.48 million has been utilised for staff cost, hardware, software, forwarding & shipping charges 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

In respect of financial year ended 31 December 2022, an interim single tier dividend of 0.25 sen per ordinary share had been declared on 14 December 2022 and paid on 6 January 2023.

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