



ONETECH SOLUTIONS HOLDINGS BERHAD
(Incorporated in Malaysia)
Registration No: 201901002105 (1311431 - K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31.12.2020 ⁽¹⁾ RM	Audited As at 31.12.2019 ⁽²⁾ RM
ASSETS		
NON-CURRENT ASSETS		
Equipment	125,408	164,424
Right-of-use assets	362,528	360,072
Intangible assets	330,950	391,550
	<u>818,886</u>	<u>916,046</u>
CURRENT ASSETS		
Trade receivables	1,098,887	984,022
Deposits and prepayments	1,208,449	742,862
Fixed deposits with licensed banks	1,164,875	536,646
Cash and bank balances	1,444,500	1,457,593
	<u>4,916,711</u>	<u>3,721,123</u>
TOTAL ASSETS	<u>5,735,597</u>	<u>4,637,169</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,773,025	1,773,025
Retained profits	1,776,178	766,364
TOTAL EQUITY	<u>3,549,203</u>	<u>2,539,389</u>
NON-CURRENT LIABILITY		
Lease liabilities	<u>347,433</u>	<u>300,510</u>
CURRENT LIABILITIES		
Trade payables	215,553	207,460
Other payables and accruals	251,755	173,888
Contract liabilities	1,205,527	1,069,619
Lease liabilities	91,505	138,160
Current tax liabilities	74,621	208,143
	<u>1,838,961</u>	<u>1,797,270</u>
TOTAL LIABILITIES	<u>2,186,394</u>	<u>2,097,780</u>
TOTAL EQUITY AND LIABILITIES	<u>5,735,597</u>	<u>4,637,169</u>
Net assets per share ⁽³⁾ (RM)	<u>0.05</u>	<u>0.04</u>



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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 combined financial statements of the Group for the financial year ended ("FYE") 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) The comparative figures for the preceding year ended 31 December 2019 were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative year covered.
- (3) 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 69,255,000.

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ONETECH SOLUTIONS HOLDINGS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited 31.12.2020 ⁽¹⁾ RM	Unaudited 31.12.2019 ⁽²⁾ RM	Unaudited 31.12.2020 ⁽¹⁾ RM	Audited 31.12.2019 ⁽³⁾ RM
REVENUE	2,740,820	N/A	5,316,468	5,256,480
COST OF SALES	(1,232,013)	N/A	(2,924,874)	(2,310,612)
GROSS PROFIT	1,508,807	N/A	2,391,594	2,945,868
OTHER INCOME	80,724	N/A	125,284	146,716
	1,589,531	N/A	2,516,878	3,092,584
ADMINISTRATIVE AND SELLING EXPENSES	(443,440)	N/A	(831,620)	(915,364)
OTHER EXPENSES	(207,926)	N/A	(362,766)	(315,093)
FINANCE COSTS	(9,762)	N/A	(19,262)	(23,079)
PROFIT BEFORE TAXATION	928,403	N/A	1,303,230	1,839,048
INCOME TAX EXPENSE	(202,011)	N/A	(293,416)	(565,973)
PROFIT AFTER TAXATION	726,392	N/A	1,009,814	1,273,075
OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD	726,392	N/A	1,009,814	1,273,075
PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	726,392	N/A	1,009,814	1,273,075
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-				
Owners of the Company	726,392	N/A	1,009,814	1,273,075
(Loss)/Earnings per ordinary share (sen)				
- Basic and diluted	1.05	N/A	1.46	1.84



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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Group for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) There are no comparative figures for the preceding 6-month financial period ended (“FPE”) 31 December 2019 year as this is the first interim financial report announced in compliance with the LEAP Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad.
- (3) The comparative figures for the preceding year ended 31 December 2019 were prepared in a manner similar to the “pooling-of-interest” method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative year covered.

N/A Not applicable

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM	Retained Profits RM	Total Equity RM
At 16.1.2019	100	-	100
Contributions by owners of the Company:			
- Issuance of new shares	1,772,925	-	1,772,925
- Adjustment and merger deficit arising on the acquisition of One ERP Solutions Sdn. Bhd.		253,289	253,289
Total transactions with owners	1,772,925	253,289	2,026,214
Profit after taxation/Total comprehensive income for the financial period	-	1,273,075	1,273,075
Distribution to owners of the Company:			
- Dividend	-	(760,000)	(760,000)
Balance at 31.12.2019/1.1.2020	1,773,025	766,364	2,539,389
Profit after taxation/Total comprehensive income for the financial period	-	1,009,814	1,009,814
Balance at 31.12.2020 ⁽¹⁾	1,773,025	1,776,178	3,549,203

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Group for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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ONETECH SOLUTIONS HOLDINGS BERHAD
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Registration No: 201901002105 (1311431 - K)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Current year ended 31.12.2020	Preceding Year Corresponding Period 31.12.2019
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,303,230	1,839,048
Adjustments for:-		
Amortisation of intangible assets	88,600	18,450
Depreciation of equipment	44,066	39,650
Depreciation of right-of-use assets	179,030	166,098
Fixed Assets written off	7	-
Impairment loss	41,918	-
Interest expenses	19,262	23,079
Interest income	(46,023)	(53,457)
Gain from disposal of right of use assets	(53,461)	-
Reversal of impairment loss on amount owing by a related party	-	(10,290)
Operating profit before working capital changes	1,576,629	2,022,578
Increase in trade and other receivables	(622,370)	(224,733)
Increase in trade and other payables	85,960	240,584
Decrease in contract assets	-	773,664
Increase/(Decrease) in contract liabilities	135,908	(433,600)
CASH FROM OPERATIONS	1,176,127	2,378,493
Interest paid	(19,262)	(23,079)
Interest received	46,023	53,457
Income tax paid	(426,938)	(446,780)
NET CASH FROM OPERATING ACTIVITIES	775,950	1,962,091
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of equipment	(5,057)	(152,409)
Addition to right of use asset	(277,025)	-
Proceeds from disposal of right of use asset	14,409	-
Purchase of intangible assets	-	(246,000)
Development cost additions	(28,000)	(164,000)
Repayment from a related party	-	10,290
(Placement)/Withdrawal of fixed deposits with tenure more than 3 months	(628,229)	519,404
NET CASH FOR INVESTING ACTIVITIES	(923,902)	(32,715)



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Current year ended 31.12.2020 ⁽¹⁾ RM	Preceding Year Corresponding Period 31.12.2019 ⁽²⁾ RM
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividend paid		(1,120,000)
Repayment to related party	-	(270,000)
Drawdown of lease liability	270,000	
Repayment of lease liabilities	(135,141)	(121,285)
Proceed from issuance of shares	-	250,100
NET CASH FOR/(FROM) FINANCING ACTIVITIES	134,859	(1,261,185)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(13,093)	668,191
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	1,457,593	789,402
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	1,444,500	1,457,593

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited combined financial statements of the Group for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) The comparative figures for the preceding year ended 31 December 2019 were prepared in a manner similar to the "pooling-of-interest" method, as if the entities within the Group were operating as a single economic enterprise from the beginning of the earliest comparative year covered.

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ONETECH SOLUTIONS HOLDINGS BERHAD
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**PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH
FPE 31 DECEMBER 2020**

1. BASIS OF PREPARATION

- 1.1 The unaudited interim financial statements of OneTech Solutions Holdings Berhad (“the Company”) and its subsidiaries (“the Group”) have been prepared in accordance with MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standard Board (“MASB”) and Part C, Rule 6.12 and Part A, Appendix 6A of the LEAP Market Listing Requirements issued by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this unaudited interim financial statements.

- 1.2 The accounting standards and/or interpretations adopted by the Group in this unaudited interim financial statements are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2019.
- 1.3 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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
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.



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**PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH
FPE 31 DECEMBER 2020**

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the Group's most recent annual audited financial statements for the financial year ended 31 December 2019 were not subject to any qualification.

3. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group did not experience any material seasonality during the financial period ended 31 December 2020.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

The COVID-19 pandemic and implementation of Movement Control Order ("MCO") by the Malaysian Government have caused temporary suspension of the Group's business during the period. Consequently, this has adversely affected the Group's operations and performance during the period under review.

Save as the above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 December 2020.

5. CHANGES IN CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

There were no material changes in critical accounting estimates and judgements during the financial period ended 31 December 2020.

6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases or repayments of debt and equity securities during the financial period ended 31 December 2020.

7. DIVIDENDS PAID

There were no dividends paid during the current financial period ended 31 December 2020.



PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH FPE 31 DECEMBER 2020

8. SEGMENTAL INFORMATION

8.1 Business Segments

The Group is principally engaged in the business of providing third party and proprietary enterprise software solutions and its related support services such as IT consulting, training, system integration, software customisation and upgrade, implementation and maintenance support services.

During the financial period ended 31 December 2020, the Group's revenue is mainly derived from license fees, maintenance fees and professional services which is summarised as follows:-

	Individual 6 months ended 31.12.2020 Unaudited RM	Cumulative 12 months ended 31.12.2020 Unaudited RM
<u>Recognised at a point in time</u>		
License fees	459,094	1,111,163
<u>Recognised over time</u>		
Maintenance fees	1,175,180	2,288,770
Professional services	1,106,546	1,916,535
	2,740,820	5,316,468

8.2 Geographical Information

The Group's revenue is based on the customers who are located in Malaysia, Singapore, Mongolia, United States, and others.

Our Group's principal market for our software solutions is Malaysia, which contributed 77.7% and 81.4% of our revenue for the financial period ended 31 December 2020 and financial year ended 31 December 2020 as set out below:-

Geographical Revenue	Individual 6 months ended 31.12.2020 Unaudited		Cumulative 12 months ended 31.12.2020 Unaudited	
	<i>RM'000</i>	%	<i>RM'000</i>	%
<i>Malaysia</i>	2,128	77.7	4,329	81.4
<i>Singapore</i>	208	7.6	302	5.7
<i>Mongolia</i>	172	6.2	260	4.9
<i>United States</i>	136	5.0	175	3.3
<i>Others</i>	96 ⁽¹⁾	3.5	250 ⁽²⁾	4.7
Total	2,740	100.0	5,316	100.0

Note:-

(1) Others comprising Vietnam and Indonesia.

(2) Others comprising Vietnam, Indonesia, Myanmar and Sri Lanka.



**PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH
FPE 31 DECEMBER 2020**

9. PROFIT BEFORE TAXATION

Included in the profit before taxation are the following items:-

	Individual 6 months ended 31.12.2020 Unaudited RM	Cumulative 12 months ended 31.12.2020 Unaudited RM
Amortisation of intangible assets	44,300	88,600
Depreciation:		
- equipment	21,708	44,066
- right-of-use assets	90,787	179,030
Directors' non-fee emoluments:		
- salaries, bonuses and allowances	169,421	325,114
- defined contribution benefits	19,080	37,080
Interest expense on financial liabilities that are not at fair value through profit or loss:		
- lease liabilities	9,762	19,262
Staff costs:		
- salaries, bonuses and allowances	408,730	893,806
- defined contribution benefits	47,782	104,908
- others	29,939	73,542
Realised (gain)/loss on foreign exchange	5,697	2,767
Interest income on financial assets measured at amortised cost:		
- fixed deposits with a licensed bank	7,940	28,229
- others	6,723	17,794

10. VALUATION OF EQUIPMENT

There was no valuation on equipment during the financial period ended 31 December 2020.

11. CAPITAL COMMITMENTS

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

12. CONTINGENT ASSETS AND LIABILITIES

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



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**PART A: EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE 6-MONTH
FPE 31 DECEMBER 2020**

13. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial period ended 31 December 2020.

14. RELATED PARTY TRANSACTIONS

There were no related party transactions during the financial period.

15. SIGNIFICANT EVENTS OCCURING AFTER THE FINANCIAL PERIOD

Save as disclosed below, there were no material events after the financial period save for the proposed listing exercise as stated in the Information Memorandum.

On 26 January 2021, Bursa Securities granted the Company the approval for listing and quotation of its entire enlarged issued share capital comprising 76,950,000 ordinary shares on the LEAP Market of Bursa Securities ("Proposed Listing"). The Company is currently implementing the proposed placement of 7,695,000 ordinary shares at the indicative placement price of RM0.20 per share to investors who fall within Part 1 of Schedules 6 or 7 of the Capital Markets and Services Act, 2007 in conjunction with the Proposed Listing.



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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1 Review of Performance

The Group recorded revenue of RM2.74 million for the current 6-month FPE 31 December 2020 with 42.9% of the revenue derived from maintenance sales, 40.3% from the professional services while 16.8% from licensing. The Group's revenue was predominantly generated from local customers who contributed 77.7% of the Group's revenue in the 6-month FPE 31 December 2020. The Group recorded a profit before tax of RM0.93 million for the current 6-month FPE 31 December 2020.

No comparative figures for the preceding 6-month FPE 31 December 2020 are available as this is the first interim financial report announced in compliance with the Listing Requirements.

For the FYE 31 December 2020, the Group registered an increase in revenue of RM0.06 million or 1.1% from RM5.26 million recorded for the FYE 31 December 2019 to RM5.32 million. The increase in revenue was mainly due to higher licensing fees of RM0.80 million or 256.5% and higher maintenance fee of RM0.07 million or 3.1% compared to the previous financial year. These were attributed to higher contribution from both third party enterprise solutions and proprietary enterprise solutions divisions. However, we recorded a contraction in professional services revenue of RM0.81 million or 29.7% mainly due to the COVID-19 pandemic which disrupted businesses in our key markets and the implementation of MCO by the Malaysian Government which had caused temporary suspension of the Group's business during the first half of FYE 31 December 2020. Consequentially, the Group's gross profit declined from RM2.95 million in FYE 31 December 2019 to RM2.39 million, mainly due to a decline in gross profit contribution from the professional services segment.

The Group's operating expenses declined marginally by RM0.04 million or 3.2% from RM1.25 million to RM1.21 million. As a result of the lower gross profit achieved during FYE 31 December 2020, the Group's profit before taxation was RM1.30 million compared to RM1.84 million for the previous financial year.

B2 Commentary on Prospects

The global enterprise resource planning ("ERP") solutions market was valued at USD39.70 billion in 2019 and is expected to reach USD65.20 billion by 2025, at a compound annual growth rate of 8.6% over the period from 2020 to 2025. In Southeast Asia, the ERP solutions market was valued at USD9.32 billion in 2019 and is expected to reach USD21.88 billion by 2025, at a compound annual growth rate of 15.3% over the period from 2020 to 2025. The increasing demand for ERP software from small and medium-sized enterprises is one of the major reasons behind the growth of the ERP solutions market.

In addition, our proprietary eFLEX Plantware, eFLEX Fieldware and eFLEX Mill Management solutions business will be supported by the rising awareness on the benefits of adopting structured plantation and mill management solutions, growing popularity of precision agriculture, and the drive to enhance profitability and sustainability of the palm oil sector in Malaysia and Indonesia, as well as growing durian industry.

The Board is positive of the Group's prospects, after taking into consideration the Group's future plans, key competitive strengths as well as our prospects.

Barring any unforeseen circumstances, our Board is optimistic of the prospect of the Group's financial performance for financial year 31 December 2021. However, the recent resurgence of COVID-19 cases locally and reimposition of Movement Control Order on the country poses increased challenges and a downside risk, of which the impact cannot be ascertained at this juncture.



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PART B – ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B3 Profit Forecast and Profit Guarantee

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

B4 Dividend

There were no dividends proposed by Board of Directors of the Company for the current period under review.

B5 Earnings Per Share

The basic earnings per share amounts are calculated by dividing the net profit/(loss) for the period attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the financial period.

	Individual 6 months ended		Cumulative 12 months ended	
	31.12.2020 Unaudited RM'000	31.12.2019 RM'000	31.12.2020 Unaudited RM'000	31.12.2019 Audited RM'000
Profit attributable to owners of OneTech	726	N/A	1,010	1,273
Weighted average number of ordinary shares in issue ('000)	69,255	N/A	69,255	69,255
EPS (sen)	1.05	N/A	1.46	1.84



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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 Material Litigation

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

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