

PERTAMA DIGITAL BERHAD

198401002327 (114842-H)

(Incorporated In Malaysia)

QUARTERLY UNAUDITED FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30.6.2022 RM'000 UNAUDITED	AS AT 31.12.2021 RM'000 AUDITED
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	139	151
Development costs	2,806	2,397
Goodwill	4,110	4,110
	7,055	6,658
CURRENT ASSETS		
Trade receivables	6,943	327
Contract assets	70	2,178
Other receivables, deposits and prepayments	1,106	134
Fixed deposits with licensed banks	14,453	14,315
Cash and bank balances	873	7,042
	23,445	23,996
Assets classified as held for sale	167,029	157,833
TOTAL ASSETS	197,529	188,487
TOTAL EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,816	48,816
Statutory reserves	18,812	17,942
Retained profit	9,017	4,837
	76,645	71,595
Reserves classified as held for sale	56,816	55,755
	133,461	127,350
Equity attributable to owners of the Company	133,461	127,350
Non-controlling interests	(5,387)	(5,073)
TOTAL EQUITY	128,074	122,277
CURRENT LIABILITIES		
Trade payables	5,733	2,096
Other payables and accruals	38,157	39,379
Bank borrowing	8,000	8,000
	51,890	49,475
Liabilities classified as held for sale	17,565	16,735
TOTAL LIABILITIES	69,455	66,210
TOTAL EQUITY AND LIABILITIES	197,529	188,487
Net assets per share (RM)	0.31	0.29

This statement should be read in conjunction with the notes to this report.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

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

	3 MONTHS		CUMULATIVE 6 MONTHS	
	CURRENT YEAR QUARTER ENDED 30.6.2022	PRECEDING FINANCIAL YEAR CORRESPONDING QUARTER ENDED	CURRENT FINANCIAL YEAR-TO-DATE ENDED 30.6.2022	PRECEDING FINANCIAL YEAR YEAR-TO-DATE ENDED
	RM'000 (Unaudited)	RM'000	RM'000 (Unaudited)	RM'000
CONTINUING OPERATIONS				
Revenue	1,206	-	6,311	-
Cost of sales	(330)	-	(4,591)	-
Gross profit	876	-	1,720	-
Other operating income	1	-	2	-
Administrative expenses	(2,155)	-	(3,957)	-
Other operating expenses	(11)	-	(148)	-
	(1,289)	-	(2,383)	-
Finance cost	(92)	-	(179)	-
Loss before taxation	(1,381)	-	(2,562)	-
Taxation	(2)	-	(6)	-
Loss after taxation from continuing operations	(1,383)	-	(2,568)	-
DISCONTINUED OPERATIONS				
Profit after taxation from discontinued operations	1,237	-	7,305	-
Profit after taxation	(146)	-	4,737	-
Other comprehensive income, net of tax				
Foreign currency translation differences	(1,526)	-	1,061	-
Total comprehensive profit for the period	(1,672)	-	5,798	-
Profit/(loss) attributable to:				
Owners of the Company	(24)	-	5,051	-
Non-controlling interests	(122)	-	(314)	-
	(146)	-	4,737	-
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(1,550)	-	6,112	-
Non-controlling interests	(122)	-	(314)	-
	(1,672)	-	5,798	-
(Loss) / earnings per share (sen) :				
Basic				
Continuing operations	(0.29)	-	(0.52)	-
Discontinued operations	0.29	-	1.69	-
Diluted				
Continuing operations	(0.29)	-	(0.52)	-
Discontinued operations	0.29	-	1.69	-

This statement should be read in conjunction with the notes to this report.

There is no comparative figures in the corresponding quarter in the previous financial year as the Company changed its financial year end from 30 June to 31 December in the previous financial period ended 31 December 2021.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	CURRENT YEAR QUARTER ENDED 30.6.2022 RM'000 UNAUDITED	PRECEDING FINANCIAL PERIOD ENDED 31.12.2021 RM'000 AUDITED
OPERATING ACTIVITIES		
Profit/(Loss) before taxation		
- Continuing operations	(2,562)	(27,389)
- Discontinuing operations	9,287	18,786
Adjustments for :-		
Amortisation of development costs	275	219
Depreciation	20	16
Dividend income	-	(3,161)
Impairment loss on goodwill	-	20,352
Interest expense	179	588
Interest income	(163)	(6,388)
Inventory written back	-	(1,088)
Loss allowance on trade receivables	-	188
Loss on re-measurement to fair value less costs to sell	1,376	5,018
Loss on disposal of subsidiary	-	862
Loss on disposal of property, plant & equipment	-	685
Property, plant and equipment written off	-	767
Share of results of joint ventures	(676)	(478)
Short term investment income	(674)	-
Waiver of debts from a director	-	(64)
Operating profit before working capital changes	7,062	8,913
Changes in inventories	(750)	4,424
Changes in receivables	1,071	(1,081)
Changes in payables	2,490	3,433
Cash generated from operations	9,873	15,689
Interest received	163	320
Tax paid	(979)	(1,107)
Net cash generated from operating activities	9,057	14,902
INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash and cash equivalents acquired	-	(5,595)
Addition of development costs	(684)	(245)
Acquisition of other investment	-	(4,942)
Acquisition of property, plant and equipment		
- continuing operations	(8)	(130)
- discontinued operations	-	(1,183)
Acquisition of short-term investments, net	(1,883)	(22,176)
Consideration received for disposal of subsidiary held for sale	-	30,515
Interest received from short term investment	674	6,068
(Placement)/Upliftment of fixed deposits with tenure more than 3 months	(793)	760
Proceeds from disposal of property, plant and equipment	-	529
Proceeds from disposal of a subsidiary, net of cash and cash equivalent disposed	-	121
Dividend income received from a joint venture	-	3,161
Net cash (used) in / generated from investing activities	(2,694)	6,883
FINANCING ACTIVITIES		
Increase in pledged deposit	-	(8,000)
Drawdown of bank borrowing	-	250
Interest paid	-	(588)
Net cash used in financing activities	-	(8,338)
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,363	13,447
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	26,982	13,437
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS	(472)	98
CASH AND CASH EQUIVALENTS CARRIED FORWARD	32,873	26,982

Note : () Denotes cash outflow

This statement should be read in conjunction with the notes to this report.

INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	< ----- Non distributable ----- >			Distributable				
	Share capital	Statutory reserves	Reserves classified as held for sale	Retained earnings/ (Accumulated losses)	Total	Non-controlling interests	Total equity	
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance at 30 June 2020, as restated	134,816	15,933	40,420	(66,581)	124,588	3,152	127,740	
Acquisition of a subsidiary	-	-	-	-	-	(7,326)	(7,326)	
Share capital reduction	(86,000)	-	-	86,000	-	-	-	
Loss for the financial period	-	-	-	(12,573)	(12,573)	(899)	(13,472)	
Other comprehensive income for the financial period								
- Foreign currency translation differences	-	-	15,335	-	15,335	-	15,335	
Total comprehensive income for the financial period	-	-	15,335	(12,573)	2,762	(899)	1,863	
Transfer to statutory reserve	-	2,009	-	(2,009)	-	-	-	
Balance as at 31 December 2021 <i>(Audited)</i>	48,816	17,942	55,755	4,837	127,350	(5,073)	122,277	
Profit for the financial period	-	-	-	5,575	5,575	(314)	5,261	
Other comprehensive income for the financial period								
- Foreign currency translation differences	-	-	1,061	-	1,061	-	1,061	
Total comprehensive income for the financial period	-	-	1,061	5,050	6,111	(314)	5,797	
Transfer to statutory reserve	-	870	-	(870)	-	-	-	
Balance as at 30 June 2022 <i>(Unaudited)</i>	48,816	18,812	56,816	9,017	133,461	(5,387)	128,074	

This statement should be read in conjunction with the notes to this report.

PERTAMA DIGITAL BERHAD
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NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting, and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 December 2021 and the accompanying explanatory notes attached to the audited financial statements.

The explanatory notes attached to the condensed interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 December 2021.

The financial statements are presented in Ringgit Malaysia (“**RM**”), which is the functional currency of the Company. All amounts in the financial statements are rounded to the nearest thousand, unless otherwise stated.

A2. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted in these interim financial statements are consistent with those of the audited financial statements for the financial period ended 31 December 2021.

In the current reporting quarter, the Group and the Company have applied a number of new standards, amendments and/or IC interpretations that became effective mandatorily for the financial periods beginning on or after 1 January 2022. The adoption of the new standards, amendments and/or IC interpretations did not have significant impact on the disclosures or on amounts reported in the financial statements.

Amendments and new standard issued that are not yet effective

The Group and the Company have not applied the following amendments and new standard that have been issued by the Malaysian Accounting Standards Board (“**MASB**”), which may be relevant to the Group and the Company, but not yet effective :

		<i>Effective Date</i>
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A3. AUDITORS' REPORT

The auditors' report of the preceding financial period of the Group was not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

CONTINUING OPERATIONS

i) MOBILE AND DIGITAL SOLUTIONS BUSINESSES SEGMENT

The mobile and digital solutions businesses of the Group are not significantly affected by any seasonal or cyclical factors.

DISCONTINUED OPERATIONS

i) FABRIC PRODUCTION SEGMENT

The Group's sales of fabric products are subject to seasonality effect by virtue of fabrics being a primary input material of fashion and some household products. The majority of the Group's customers are export-oriented garment manufacturers. As such, sales of the Group's fabric products are affected by factors such as change in fashion trends, consumer taste and surge in demand ahead of festive seasons. Economic outlook inevitably will also have a significant impact on the demand of fabric finished products, and hence on the demand of fabrics.

The generally higher production costs (primarily arisen from higher wages, costs relating to compliance to environmental protection rules and utilities costs) impact the financial performance of fabric production.

Consumer sentiment is another important factor that impacts earnings of the fabric production segment, given their spending pattern differs at different stages in the economic cycle, which affects the demand for fashion products and consequently the demand over the Group's fabric products.

A5. UNUSUAL ITEMS

DISPOSAL OF EQUITY INTEREST IN SUBSIDIARY

As at the date of this report, the disposal of equity interest in the following subsidiary has been completed on 10 August 2022.

Disposal of The Entire Equity Interest in Be Top Group Limited

- i) During the previous financial period ended 31 December 2021, the Company received the first cash payment for the sum of RM12 million from Gifted Investments Limited ("**GIL**") on 21 September 2020, for the tranche 1 share sale of 21.5% equity interest in Be Top Group Limited ("**Be Top**") in respect of the disposal of the entire equity interest in Be Top to GIL for a total cash consideration of RM70 million including assumption of liabilities by GIL ("**Disposal of Be Top**"). Accordingly, the tranche 1 Disposal of Be Top was completed in accordance with the share sale agreement dated 2 May 2019 ("**Disposal SSA**") and supplemental share sale agreement dated 18 June 2020 ("**Supplemental Disposal SSA**"). The key salient term of the Supplemental Disposal SSA is that the disposal consideration is to be completed in three (3) tranches.

On 16 July 2021, the Company received the second cash payment amounting to RM18,515,497.06 for the tranche 2 share sale of 26.5% equity interest in Be Top in relation to the Disposal of Be Top. Accordingly, the tranche 2 Disposal of Be Top was completed in accordance with the Disposal SSA and Supplemental Disposal SSA.

On 19 January 2022, GIL and the Company has mutually agreed to further extend the cut-off date of the Supplemental Disposal SSA till 19 July 2022, to enable the parties to fulfill the conditions of the Disposal SSA and Supplemental Disposal SSA.

On 2 June 2022, PDB and GIL entered into a second supplemental share sale agreement ("**Second Supplemental SSA**") to amend, modify and vary certain terms in the Disposal SSA, as supplemental by the Supplemental Disposal SSA and supplemental letters.

On 8 June 2022, the Company made a clarification announcement which stated that it wishes to maintain the listing status on the Main Market post Disposal of Be Top. The Disposal of Be Top is deemed to be a major disposal under the Main Market Listing Requirements ("**MMLR**")

On 26 June 2022, the Company issued a circular to shareholders in relation to the proposed variation of terms in the Disposal SSA by removing the condition for the Company to procure the approval of Bursa Securities for an application to seek a waiver from Bursa Securities, of classifying the Company as an affected listed issuer, upon the completion of Disposal of Be Top pursuant to para 8.03A of the MMLR ("**Proposed Variation**"). An independent advice letter was also issued to non-interested shareholders of PDB in relation to the Proposed Variation.

On 19 July, the Company and GIL had mutually agreed to extend the cut-off date for the Supplemental Disposal SSA to enable the parties to fulfill conditions in the Disposal SSA, Supplemental Disposal SSA and Second Supplemental SSA.

On 10 August 2022, the Company convened and fully-virtual extraordinary general meeting ("**EGM**") to procure approval of its shareholders in relation to the Proposed Variation. The voting in respect of the resolution pertaining to the Proposed Variation was 99.9% voted as carried at the EGM. On the even date, Tranche 3 of the Disposal of Be Top was completed in accordance with the terms and conditions stipulated in the Disposal SSA, as supplemented by various Supplemental SSA and supplemental letters.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A5. UNUSUAL ITEMS (CONT'D)

DISPOSAL OF EQUITY INTEREST IN SUBSIDIARY (CONT'D)

Disposal of The Entire Equity Interest in Be Top Group Limited

- i) The Company also announced on the same day that upon completion of Disposal of Be Top, it has been classified as an affected listed issuer under para 8.03A of MMLR as the Disposal of Be Top is deemed as disposal of the major business of the Company.

The disposal proceeds for tranche 1 and tranche 2 received from GIL were recognised as other payables and accruals as at the reporting date.

The assets, liabilities and reserves arising from the foreign operations have been presented in the statement of financial position as "Assets classified as held for sale", "Liabilities classified as held for sale" and "Reserves classified as held for sale", and its results are presented separately on the statement of total comprehensive income as "Profit/(Loss) for the financial year/period from discontinued operations".

A6. CHANGES IN ESTIMATES

There were no changes to the estimates that had been used in the preparation of the current financial statements.

A7. ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There was no issuance of any debt or equity securities during the quarter under review.

A8. DIVIDEND

There were no dividends declared or paid for the current reporting quarter ended 30 June 2022.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A9. SEGMENTAL INFORMATION

The following tables provide analysis of the Group's revenue, results, assets, liabilities and other information. There is no comparative figures as the Company changed its accounting year end from 30 June to 31 December and drawn up its accounts for 18 months in the previous financial period.

	Investment Holding, Mobile and Digital Solutions Businesses		Fabric Production		Adjustments and Elimination		Per Consolidated Financial Statements	
	<i>Continuing</i> <i>(Cumulative 6 Months)</i>		<i>Discontinued</i> <i>(Cumulative 6 Months)</i>		<i>(Cumulative 6 Months)</i>		<i>(Cumulative 6 Months)</i>	
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Revenue	6,311	-	19,028	-	(19,028)	-	6,311	-
Results								
Segment profit/(loss) after tax	(2,568)	-	7,305	-	(7,305)	-	(2,568)	-
Segmental profit/(loss) include the following :-								
Amortisation of development costs	275	-	-	-	-	-	275	-
Depreciation	20	-	-	-	-	-	20	-
Interest income on :								
Financial assets measured at amortised costs	(114)	-	(49)	-	49	-	(114)	-
Financial assets at fair value through profit or loss loss mandatorily	-	-	(674)	-	674	-	-	-
Share of results of joint ventures	-	-	(676)	-	676	-	-	-
Loss on re-measurement to fair value less costs to sell	-	-	1,376	-	(1,376)	-	-	-

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

	Investment Holding, Mobile and Digital Solutions Businesses		Fabric Production		Group	
	<i>Continuing</i>		<i>Discontinued</i>			
	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000	30.6.2022 RM'000	30.6.2021 RM'000
Assets						
Segment assets	30,500	41,577	167,029	138,470	197,529	180,047
Consolidated total assets					<u>197,529</u>	<u>180,047</u>
Liabilities						
Segment liabilities	51,890	11,078	17,565	7,445	69,455	18,523
Current tax liabilities	-	-	-	510	-	510
					<u>69,455</u>	<u>19,033</u>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

Not applicable

A11. EVENTS SUBSEQUENT TO BALANCE SHEET DATE

Not applicable

A12. CHANGES IN THE COMPOSITION OF THE GROUP

During the previous financial period ended 31 December 2021, the Company completed its disposal of 48% equity interest in Be Top as disclosed in note A5 above. As at the reporting date, the Company has yet to fulfill the condition stipulated in the Supplemental Disposal SSA. Accordingly, the disposal proceeds for tranche 1 and tranche 2 received from GIL were recognised as other payables and accruals as at the reporting date.

On 10 August 2022, Disposal of Be Top has been completed. Please refer to A5 for updates on the Disposal of Be Top.

A13. CHANGES IN CONTINGENT LIABILITIES / ASSETS

- (i) There is no contingent liability as at the date of this announcement.
- (ii) There was no change in contingent assets since the last annual financial statements.

A14. CAPITAL COMMITMENT

CAPITAL COMMITMENT AS AT 30 JUNE / 31 DECEMBER	2022	2021
	RM'000	RM'000
<i>Continuing operations</i>		
Development costs	-	168
	=====	=====

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A15. FOREIGN CURRENCY TRANSLATION

The translation of the condensed consolidated financial statements from RMB to RM is based on the following exchange rates:-

	For Current Year Quarter Ended 30.6.2022	For Preceding Year Corresponding Quarter
Condensed consolidated statement of comprehensive income		
Based on average rate for the quarter RMB1.00 to RM	0.6606	n.a.
Condensed consolidated statement of financial position		
Based on closing rate for the quarter RMB1.00 to RM	0.6585	n.a.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A16. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

(b) Related Party Transactions

There was no significant related party transaction during the current reporting quarter.

A17. ASSETS CLASSIFIED AS HELD FOR SALE

On 12 December 2018, the Company announced the proposed disposal of its foreign assets for cash via an open tender exercise. The foreign assets of the Company comprise investments in its wholly-owned subsidiary, namely Be Top and the wholly-owned subsidiary of Be Top, namely Top Textile (Suzhou) Co., Ltd. ("**Top Textile**"). The foreign assets represent the production and sale of fabric products segment of the Group.

On 2 May 2019, the Company entered into a Disposal SSA with GIL for Disposal of Be Top.

The disposal consideration is to be satisfied by GIL in the following manner :

	RM'000
i) Assumption of amount owing by the Company to Be Top and Top Textile *	36,485
ii) Cash #	33,515

	70,000
	=====

Amount owing to Be Top and Top Textile (collectively known as "subsidiaries**") to be assumed by GIL shall subject to further adjustments based on the amounts owing to these subsidiaries on the completion date, in accordance with the Supplemental Disposal SSA entered into by the parties on 18 June 2020.*

#This includes bidding bond of RM3 million received by the Company from GIL in January 2019.

On 18 June 2020, the Company entered into a Supplemental Disposal SSA with GIL to vary and amend certain arrangement, terms and conditions of the Disposal SSA. The key salient terms of the Supplemental Disposal SSA is that the disposal consideration is to be completed in three (3) tranches.

On 21 September 2020, the Company received the first cash payment for the sum of RM12 million from GIL for the tranche 1 share sale of 21.5% equity interest in Be Top in respect of the Disposal of Be Top.

On 16 July 2021, the Company received the second cash payment amounting to RM18.515 million for the tranche 2 share sale of 26.5% equity interest in Be Top in relation to the Disposal of Be Top.

To-date, the entire cash consideration of approximately RM33.515 million has been fully paid by GIL.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022
PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)**

A17. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

As at reporting date, the Company has completed Tranche 3 of the Disposal of Be Top. Please refer to A5 for updates on the Disposal of Be Top.

As at the end of the current reporting quarter, the assets, liabilities and reserves arising from the foreign operations have been presented in the consolidated statement of financial position as "Assets classified as held for sale", "Liabilities classified as held for sale" and "Reserves classified as held for sale", and its results are presented separately on the consolidated statement of profit or loss and other comprehensive income as "Profit/(Loss) from discontinued operations".

The assets, liabilities and reserves of the disposal group are as follows:-

	30.6.2022	31.12.2021
ASSETS CLASSIFIED AS HELD FOR SALE		
NON-CURRENT ASSETS		
Property, plant and equipment	55,594	55,015
Investment property	4,413	4,370
Land use rights	6,885	6,850
Investment in a joint venture	9,897	9,178
Other investment	5,136	5,111
Deferred tax assets	3,420	3,402
	<hr/>	<hr/>
Loss on re-measurement of assets classified as held for sale	85,345 (76,789)	83,926 (75,413)
	<hr/>	<hr/>
	8,556	8,513
	<hr/>	<hr/>
CURRENT ASSETS		
Inventories	6,082	5,308
Trade receivables	13,993	21,529
Other receivables and deposits	4,756	3,633
Short-term investments	107,237	104,832
Fixed deposits with licensed banks	1,185	393
Cash and bank balances	25,547	13,625
	<hr/>	<hr/>
	158,800	149,320
	<hr/>	<hr/>
TOTAL	167,356	157,833
	<hr/>	<hr/>
RESERVES CLASSIFIED AS HELD FOR SALE		
Foreign exchange translation reserve	56,816	55,755
	<hr/>	<hr/>

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022
PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134 (CONT'D)

A17. ASSETS CLASSIFIED AS HELD FOR SALE (CONT'D)

LIABILITIES CLASSIFIED AS HELD FOR SALE

Trade payables	849	1,314
Other payables and accruals	15,328	14,411
Income tax payable	1,388	1,010
	<hr/>	<hr/>
Liabilities classified as held for sale	17,565	16,735
	<hr/>	<hr/>

**PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF
APPENDIX 9B)**

**B1. REVIEW OF PERFORMANCE FOR THE CURRENT YEAR QUARTER AND CORRESPONDING
QUARTER IN THE PRECEDING FINANCIAL PERIOD AND YEAR-TO-DATE PERFORMANCE IN THE
CURRENT AND PRECEDING FINANCIAL PERIOD**

RESULTS BEFORE AND AFTER TAXATION

The continuing operations of the Group consist of mobile and digital solutions businesses operated through TAS (a 51%-owned subsidiary of the Company) and its 80%-owned subsidiary, DVSB, and investment holding activities under the Company.

The Company changed its financial year end from 30 June to 31 December as announced on 23 February 2021 and drawn up its account for a period of 18 months ended 31 December 2021. As a result, there is no corresponding quarter in the preceding financial period.

In the current reporting quarter ("**2022 Q2**"), the Group's mobile and digital solutions segment registered a revenue of approximately RM1.15 million derived from the provision of mobile gateway and payment solutions services. The investment holding segment generated a revenue of approximately RM56,000, being interest income derived from deposits placed with approved financial institutions in Malaysia.

The mobile and digital solutions businesses registered a loss before taxation of approximately RM245,000 in 2022 Q2. The continuing operations registered a loss before taxation of approximately RM1.38 million in 2022 Q2, which is due primarily to operating expenses incurred by the holding company.

REVENUE

In 2022 Q2, the Group's continuing operations registered a revenue of approximately RM1.20 million and loss after taxation of approximately RM1.15 million. The mobile and digital solutions businesses registered a loss after taxation of approximately RM249,000 in 2022 Q1. The loss after taxation of the Group's continuing operations in 2022 Q2 is primarily attributable to operating expenses incurred at the investment holding segment.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

**PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF
APPENDIX 9B) (CONT'D)**

**B2. MATERIAL CHANGES IN THE CURRENT REPORTING QUARTER COMPARED TO THE IMMEDIATE
PRECEDING QUARTER**

A summary of the financial performance of the Group is as tabulated below:-

	Current Quarter Ended 30.6.2022	Immediate Preceding Quarter Ended 31.3.2022	Changes	
	RM'000	RM'000	RM'000	%
CONTINUING OPERATIONS				
INVESTMENT HOLDING AND MOBILE AND DIGITAL SOLUTIONS				
Revenue	1,206	5,105	(3,899)	(76.38)
Gross profit	876	844	32	3.79
Loss from operations	(1,289)	(1,094)	(195)	> 100
Loss before interest and tax	(1,289)	(1,094)	(195)	> 100
Loss before tax	(1,381)	(1,181)	(200)	> 100
Loss after tax	(1,383)	(1,185)	(198)	> 100
Loss after tax attributable to				
Owners of the Company	(1,261)	(993)	(268)	> 100
Non-controlling interests	(122)	(192)	70	> 100

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

**PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF
APPENDIX 9B) (CONT'D)**

**B2. MATERIAL CHANGES IN THE CURRENT REPORTING QUARTER COMPARED TO THE IMMEDIATE
PRECEDING QUARTER (CONT'D)**

A summary of the financial performance of the Group is as tabulated below (cont'd):-

	Current Quarter Ended 30.6.2022	Immediate Preceding Quarter Ended 31.3.2022	Changes	
	RM'000	RM'000	RM'000	%
DISCONTINUED OPERATIONS				
PRODUCTION AND SALE OF FABRICS				
Revenue	14,920	19,028	(4,108)	(21.59)
Gross profit	3,873	7,704	(3,831)	(49.73)
Profit from operations	2,300	9,277	(6,977)	(75.21)
Profit before interest and tax	3,072	7,591	(4,519)	(59.53)
Profit before tax	3,072	7,591	(4,519)	(59.53)
Profit after tax	1,237	6,068	(4,831)	(79.61)
Profit after tax attributable to				
Owners of the Company	1,237	6,068	(4,831)	(79.61)
Non-controlling interest	-	-	-	n.a.

The fabric production segment does not have any borrowing from financial institutions

**PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF
APPENDIX 9B) (CONT'D)**

**B2. MATERIAL CHANGES IN THE CURRENT REPORTING QUARTER COMPARED TO THE IMMEDIATE
PRECEDING QUARTER (CONT'D)**

(i) REVENUE

a) Continuing operations

Revenue of the Group's continuing operations is mainly derived from the mobile and digital solutions businesses. The lower revenue of approximately RM1.20 million registered in 2022 Q2 compared to the immediate preceding quarter ("**2022 Q1**") of approximately RM5.11 million is due to lower volume in the push SMS segment.

b) Discontinued operations

The revenue from the discontinued operations decreased by RM4.11 million 2022 Q2 in line with the historical trend of decreased in sales after the conventional peak season at year end ahead of Christmas and Chinese New Year. The major revenue contributor in the discontinued operations is production and sale of fabrics.

(ii) RESULTS FROM OPERATIONS

a) Continuing operations

In line with lower revenue being generated in 2022 Q2, the continuing operations recorded loss from operations due to investment holding segment's operating expenses. The investment holding segment derived revenue from placement of fixed deposits with licensed financial institutions.

b) Discontinued operations

In line with lower revenue being generated in 2022 Q2, the discontinued operations recorded lower results from operations.

**PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF
APPENDIX 9B) (CONT'D)**

(iii) PROFIT/(LOSS) BEFORE INTEREST AND TAX AND PROFIT/(LOSS) BEFORE TAX

a) Continuing operations

In the current reporting quarter, the continuing operations registered a lower loss before taxation compared to the immediate preceding quarter of 2022 Q1 which was due mainly to lower volume recorded in the push SMS business segment.

b) Discontinued operations

The discontinued operations recorded lower profit before taxation in 2022 Q2 in line with the reduction in revenue.

(iv) PROFIT / (LOSS) AFTER TAX (“PAT”/“LAT”) AND PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

a) Continuing operations

LAT in the current reporting quarter increased compared to the immediate preceding quarter due to lower contribution from the SMS business segment.

b) Discontinued operations

The PAT and profit attributable to owners of the Company in respect of the discontinued operations is higher due to higher production costs in summer, especially electricity expenses incurred in the current reporting quarter.

**PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF
APPENDIX 9B) (CONT'D)**

B3. PROSPECTS

i) CONTINUING OPERATIONS

MOBILE AND DIGITAL SOLUTIONS BUSINESSES

The Group's mobile and digital solutions business activities are engaged through DVSB, which is an 80%-owned subsidiary by TAS.

Mobile technology is growing and evolving at an overwhelming pace. The rapid development of mobile and digital communications in Malaysia has led to high population coverage and penetration rates. The Government of Malaysia ("**Government**") has embraced the information technology ("**IT**") sector as a key driver for socio-economic growth. As such, the Government has identified several plans and programmes to drive further the sector and pave the way for the adoption and integration of IT solutions by enterprises across the nation. The IT sector is expected to gain greater momentum, driven by the convergence of industries and commercial activities due to digitalization.

During the times when there was imposition of various phases of Movement Control Orders ("**MCO**") by the Government in response to manage the spreading of COVID-19 has augured well for the reception by public and the eventual growth of epayments. There had been increased subscriptions and transactions volume growth from individuals and business users who needed desperately the convenience of online payment while bank operations were cut down by a significant scale during MCO. Rakyat were reprimanded to remain indoors to comply with the MCO which inevitably caused disruptions to daily life.

The COVID-19 pandemic has triggered the great digitalisation acceleration globally. The Government of Malaysia ("**Government**") recently, it has embraced the information technology ("**IT**") sector as a key driver for socio-economic growth through the Malaysia Digital Economy Blueprint ("**MyDIGITAL**") launched on 19 February 2021.

A significant portion of MyDIGITAL is in sync with the Group's business plans. With the support of the public agencies, the Group intends to loop all government digital initiatives into its plan moving forward and take position as a strong advocate to implement the action plans as entailed in the MyDigital blueprint.

The Group will be relevant to national objectives by proposing innovative yet risk-managed solutions to the market, coupled with strong executive capabilities. There are people with limited digital skills who will face challenges plugging into the new digital economy, and the Group's main objective has always been to identify and help this segment of the community.

**PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF
APPENDIX 9B) (CONT'D)**

B3. PROSPECTS (CONT'D)

i) CONTINUING OPERATIONS(CONT'D)

MOBILE AND DIGITAL SOLUTIONS BUSINESSES (CONT'D)

The Company, via DVSB, currently operates the Malaysian government SMS gateway called mySMS 15888. It owns and operates MyPay, a mobile application for secure, easy and fast check-and-pay transactions with government agencies. It also owns and operates eJamin, a digital bail payment solution used in criminal courts throughout Malaysia. As at the date of this quarterly report, eJamin lives in 177 court locations all over Malaysia. The digital bail payment solution is showing rapid growth as courts encourage the digital shift amid the ongoing COVID-19 pandemic. The Group is also looking into expanding the digital bail system for police remands and the Syariah criminal courts.

With various plans in the pipeline which will be announced at the appropriate times, the outlook of the mobile and digital solutions businesses of the Group is bright. The prospect of DVSB, and hence prospect of the Group's new business operation in the mobile and digital solutions segment is expected to augur well with positive earnings accretive potentials.

ii) DISCONTINUED OPERATIONS

FABRIC PRODUCTION

Tension from the prolonged unresolved trade war between the United States of America and China has exerted tremendous pressure on the group's overall sales. In addition, the slow recovery pace of global economy, development of China gross domestic product trend in the coming years, economic policies, coupled with higher manufacturing overheads, especially wages and utilities, are still affecting the Group's financial performance, particularly when the Group is operating in the fast-moving consumer goods segment which demand is highly dependent on trend and fashion.

In addition, the eruption and aftermath of COVID-19 pandemic has casted a darker shadow over the existing economic uncertainties in the global business environment, the effect of which is yet to be quantified, at this juncture. On 21 August 2020, the shareholders of the Company had approved the Disposal of Be Top entailing disposal of the Company's fabric production business in China.

Nonetheless, disposal of the fabric production business has been completed on 10 August 2022 and hence is no longer be relevant to the Group.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

**PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF
APPENDIX 9B) (CONT'D)**

B4. EXPLANATORY NOTE FOR VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE

The Group has not provided any profit forecast or profit guarantee during the quarter ended 30 June 2022.

B5. TAXATION

	Individual Quarter		Cumulative Quarters	
	Current	Preceding	For	For
	Quarter Ended	Financial Year	Current	Preceding
	30.6.2022	Corresponding	Financial	Financial
	RM'000	RM'000	Year To-Date	Year
			Ended	
			30.6.2022	
	RM'000	RM'000	RM'000	RM'000
Tax on profit	461	n.a.	1,988	n.a.
In respect of:-				
Continuing operations				
Television Airtime Services Sdn. Bhd.	-	n.a.	-	n.a.
Dapat Vista (M) Sdn. Bhd.	2	n.a.	6	n.a.
Discontinued operations				
Top Textile (Suzhou) Co., Ltd.	459	n.a.	1,982	n.a.

Domestic corporate income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated chargeable profit for the financial year/period.

The taxation of other jurisdiction is calculated at rates prevailing in the respective jurisdiction.

B6. CORPORATE PROPOSALS

i) DISPOSAL OF BE TOP

The Disposal of be Top which commenced its progress on 12 December 2018 when the Company announced on the proposed disposal of its foreign assets comprising the Company's investments in its wholly-owned subsidiary, Be Top and/or Top Textile, which in turn is a wholly-owned subsidiary of Be Top for cash via an open tender exercise.

On 2 May 2019, the Company announced that it had on the even date, entered into the Disposal SSA with GIL in respect of the Disposal of Be Top. On 18 June 2020, the Company and GIL entered into the Supplemental Disposal SSA to vary and amend certain arrangement, terms and conditions of the Disposal SSA.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

PART B:- EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B6. CORPORATE PROPOSALS (CONT'D)

i) DISPOSAL OF BE TOP (CONT'D)

On 21 September 2020, the Company announced that it received the first cash payment for the sum of RM12 million from GIL for the tranche 1 share sale of 21.5% equity interest in Be Top in respect of the Disposal of Be Top. Accordingly, the tranche 1 Disposal of Be Top was completed in accordance with the Disposal SSA and Supplemental Disposal SSA.

On 16 July 2021, the Company further announced that it received another sum of the second cash payment amounting to RM18,515,497.06 for the tranche 2 share sale of 26.5% equity interest in Be Top as the advance second cash payment in relation to the Disposal of Be Top. Accordingly, the tranche 2 Disposal of Be Top was completed in accordance with the Disposal SSA and Supplemental Disposal SSA.

On 19 January 2022, it was announced that the Company and GIL have mutually agreed to further extend the cut-off date of the Supplemental Disposal SSA till 19 July 2022, to enable the parties to obtain/fulfil the conditions of the Disposal SSA and Supplemental Disposal SSA. On 19 July 2022, both parties extended again the said cut-off date to 19 August 2022 on the same ground, in view of an EGM which was announced to be convened on 10 August 2022 to seek shareholders' approval on the Proposed Variation, with intention to complete Tranche 3 of the disposal.

Please refer to A5 for updates on the status of Disposal of Be Top.

B7. BORROWINGS

As at 30 June 2022, the Group's borrowing, denominated in Malaysian Ringgit, is as follows:-

	Current Financial Period (Second Quarter) Ended 30.6.2022 RM'000 Unaudited	Preceding Financial Period Ended 31.12.2021 RM'000 Audited
Current Liability		
Revolving credit- i	8,000	8,000

A fixed deposit of RM8 million has been pledged to secure the bank borrowing.

B8. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There is no off balance sheet financial instrument as at the date of this announcement.

B9. CHANGES IN MATERIAL LITIGATION

The Group does not have any litigation.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF
APPENDIX 9B) (CONT'D)

B10. PROPOSED DIVIDEND

The Board does not recommend the payment of any dividend for the quarter ended 30 June 2022.

B11. EARNINGS /(LOSS) PER SHARE

	Current Financial Year (Second Quarter) Ended 30.6.2022 RM'000 Unaudited	Preceding Financial Period Ended 31.12.2021 RM'000 Audited
a) Basic earnings/(loss) per share		
(i) Continuing operations		
Net loss attributable to owners of the Company	(2,254)	(26,510)
Weighted average number of ordinary shares ('000)	433,361	433,361
Basic loss per share (sen)	(0.52)	(6.12)
(ii) Discontinued operations		
Net profit attributable to owners of the Company	7,305	13,937
Weighted average number of ordinary shares ('000)	433,361	433,361
Basic earnings per share (sen)	1.69	3.22
b) Diluted earnings per share		

The Group has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2022

PART B:-
EXPLANATORY NOTES PURSUANT TO THE MAIN MARKET LISTING REQUIREMENTS (PART A OF APPENDIX 9B) (CONT'D)

B12. UTILISATION OF PROCEEDS

The table below summarises the utilisation of proceeds raised from the Disposal of Be Top, being the aggregate of the bidding bond of RM3 million, the first cash payment amounting to RM12 million and second cash payment of RM18.515 million, received from GIL.

PURPOSE	PROPOSED UTILISATION	ACTUAL UTILISATION	INTENDED TIMEFRAME FOR UTILISATION	DEVIATION		EXPLANATION (if the deviation is 5% or more)
				AMOUNT	%	
				RM'000		
i) TAS shares acquisition	2,000	2,000	Within 1 month	n.a.	n.a.	n.a.
ii) Future investment in the existing businesses of the Group	20,000	1,633	Within 24 months	n.a.	n.a.	n.a.
iii) Working capital of the Group	10,516	10,516	Within 24 months	n.a.	n.a.	n.a.
iv) Estimated expenses in relation to the proposals and waiver application	1,000	1,000	Within 9 months	n.a.	n.a.	n.a.