



RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

**CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**
for the financial period ended 31 March 2020

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Individual quarter		Cumulative period	
		Current Quarter Ended 31.03.2020 RM'000	Corresponding Preceding Quarter Ended 31.03.2019 RM'000	Current Period-To-Date Ended 31.03.2020 RM'000	Corresponding Preceding Period-To-Date Ended 31.03.2019 RM'000
Revenue		15,398	25,620	51,164	75,462
Cost of goods sold		(11,542)	(18,288)	(37,939)	(53,960)
Gross profit		<u>3,856</u>	<u>7,332</u>	<u>13,225</u>	<u>21,502</u>
Interest Income		208	124	649	466
Other income		207	22	398	440
Administrative and general expenses		(2,792)	(3,542)	(8,620)	(10,560)
Finance costs		(73)	(80)	(230)	(330)
Profit before tax	24	<u>1,406</u>	<u>3,856</u>	<u>5,422</u>	<u>11,518</u>
Tax expense	17	(304)	(960)	(951)	(3,031)
Profit for the financial period		<u>1,102</u>	<u>2,896</u>	<u>4,471</u>	<u>8,487</u>
Other comprehensive income for the financial period		-	-	-	-
Comprehensive income for the financial period		<u>1,102</u>	<u>2,896</u>	<u>4,471</u>	<u>8,487</u>
Profit for the financial period attributable to:-					
- Owners of the Company		610	1,633	2,834	4,521
- Non-controlling interests		492	1,263	1,637	3,966
		<u>1,102</u>	<u>2,896</u>	<u>4,471</u>	<u>8,487</u>
Comprehensive income for the financial period attributable to:-					
- Owners of the Company		610	1,633	2,834	4,521
- Non-controlling interests		492	1,263	1,637	3,966
		<u>1,102</u>	<u>2,896</u>	<u>4,471</u>	<u>8,487</u>
Earnings per share:-	23				
- Basic (sen)		<u>0.11</u>	<u>0.28</u>	<u>0.49</u>	<u>0.78</u>
- Diluted (sen)		<u>0.10</u>	<u>0.28</u>	<u>0.45</u>	<u>0.78</u>

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RGT BERHAD

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Registration No: 198101004909 (71024-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2020

	As at 31.03.2020 (Unaudited) RM'000	As at 30.06.2019 (Audited) RM'000
NON-CURRENT ASSETS		
Property, plant and equipment	27,793	41,856
Right-of-use asset	12,227	-
Goodwill	17,147	17,147
	<u>57,167</u>	<u>59,003</u>
CURRENT ASSETS		
Inventories	8,472	9,327
Receivables	11,574	15,341
Prepayments	1,121	543
Current tax assets	749	954
Cash and cash equivalents	29,278	24,956
	<u>51,194</u>	<u>51,121</u>
CURRENT LIABILITIES		
Payables	8,231	10,716
Loans and borrowings - secured	827	1,747
Derivatives	239	13
Contract liabilities	-	46
Lease liabilities	686	-
Current tax liabilities	-	1
	<u>9,983</u>	<u>12,523</u>
NET CURRENT ASSETS	41,211	38,598
NON-CURRENT LIABILITIES		
Loans and borrowings - secured	2,937	4,197
Lease liabilities	497	-
Deferred tax liabilities	5,003	5,003
	<u>8,437</u>	<u>9,200</u>
NET ASSETS	<u>89,941</u>	<u>88,401</u>
EQUITY		
Share capital	49,352	49,352
Warrant reserve	8,818	8,818
Retained profits	4,973	3,870
Equity attributable to owners of the Company	<u>63,143</u>	<u>62,040</u>
Non-controlling interests	26,798	26,361
TOTAL EQUITY	<u>89,941</u>	<u>88,401</u>
Net assets per ordinary share attributable to owners of the Company (sen)	<u>10.94</u>	<u>10.75</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

(THE FIGURES HAVE NOT BEEN AUDITED)

	Share capital RM'000	Non-distributable Warrant reserve RM'000	(Accumulated losses)/Retained profits RM'000	Equity attributable to owners of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
Balance at 1 July 2019	49,352	8,818	3,870	62,040	26,361	88,401
Dividends to non-controlling interests (representing total transactions with owners)	-	-	-	-	(1,200)	(1,200)
Dividends (Note 6)	-	-	(1,731)	(1,731)	-	(1,731)
Profit (representing comprehensive income) for the financial period	-	-	2,834	2,834	1,637	4,471
Balance at 31 March 2020	<u>49,352</u>	<u>8,818</u>	<u>4,973</u>	<u>63,143</u>	<u>26,798</u>	<u>89,941</u>
Balance at 1 July 2018	49,352	8,818	(2,216)	55,954	23,990	79,944
Dividends to non-controlling interests (representing total transactions with owners)	-	-	-	-	(2,800)	(2,800)
Profit (representing comprehensive income) for the financial period	-	-	4,521	4,521	3,966	8,487
Balance at 31 March 2019	<u>49,352</u>	<u>8,818</u>	<u>2,305</u>	<u>60,475</u>	<u>25,156</u>	<u>85,631</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Period-To-Date Ended 31.03.2020 RM'000	Corresponding Preceding Period-To-Date Ended 31.03.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,422	11,518
Adjustments for:-		
Depreciation of property, plant and equipment	2,088	2,828
Depreciation of right-of-use asset	710	-
Gain on disposal of property, plant and equipment	(16)	(63)
Interest expense	230	331
Interest income	(649)	(466)
Inventories written down	-	61
Property, plant and equipment written off	2	29
Reversal of inventories written down	(80)	-
Unrealised (gain)/loss on foreign exchange	(225)	74
Unrealised loss/(gain) on derivatives	239	(3)
Operating profit before working capital changes	<u>7,721</u>	<u>14,309</u>
Changes in:-		
Inventories	935	2,092
Receivables and prepayments	3,473	(435)
Payables and contract liabilities	(2,602)	(11,570)
Derivatives	(13)	(324)
Cash generated from operations	<u>9,514</u>	<u>4,072</u>
Tax paid	(2,743)	(1,829)
Tax refunded	<u>1,995</u>	<u>487</u>
Net cash from operating activities	<u>8,766</u>	<u>2,730</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	649	466
Proceeds from disposal of property, plant and equipment	31	329
Purchase of property, plant and equipment	(283)	(1,426)
Net cash from/(used in) investing activities	<u>397</u>	<u>(631)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	(1,200)	(1,200)
Dividends (Note 6)	(1,731)	-
Interest paid	(230)	(331)
Placement of cash and cash equivalents pledged as security (net)	(67)	(74)
Repayment of lease liabilities	(493)	-
Repayment of hire purchase obligations	-	(504)
Repayment of term loans	(1,199)	(1,192)
Net cash used in financing activities	<u>(4,920)</u>	<u>(3,301)</u>
Currency translation differences	12	3

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONT'D)

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Period-To-Date Ended 31.03.2020 RM'000	Corresponding Preceding Period-To-Date Ended 31.03.2019 RM'000
Net increase/(decrease) in cash and cash equivalents	4,255	(1,199)
Cash and cash equivalents brought forward	21,856	20,707
Cash and cash equivalents carried forward	<u>26,111</u>	<u>19,508</u>
Analysis of cash and cash equivalents:-		
- Highly liquid investments	22,257	18,492
- Term deposits	3,167	1,887
- Cash and bank balances	<u>3,854</u>	<u>2,201</u>
	29,278	22,580
Less: Cash and cash equivalents pledged	<u>(3,167)</u>	<u>(3,072)</u>
	<u>26,111</u>	<u>19,508</u>

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING

1. BASIS OF PREPARATION

The interim financial report have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the 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 year ended 30 June 2019.

The significant accounting policies and method of computation adopted in the interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2019 except for the adoption of the following MFRSs:-

<u>MFRS (Issued as at the end of the reporting period)</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019

The adoption of the above MFRSs did not result in any significant changes in the accounting policies of the Group except as follows:-

MFRS 16 *Leases*

MFRS 16, which replaces MFRS 117 *Leases* and other related interpretations, eliminates the distinction between finance and operating leases for lessees. It introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Group adopted MFRS 16 on 1 July 2019 with any cumulative effect of initial application recognised at that date without restating the comparative information presented under MFRS 117.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

1. BASIS OF PREPARATION (CONT'D)

The Group has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective:-

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Interest Rate Benchmark Reform (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instrument: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosure)	1 January 2020
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2022

Management foresees that the initial application of the above MFRSs will not result in any significant changes in the accounting policies of the Group.

2. SEASONALITY OR CYCLICALITY OF OPERATIONS

The business operations of the Group were not materially affected by any seasonal or cyclical factor.

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

On 18 March, 2020, the Malaysian Government has imposed a Movement Control Order ("MCO") in view of the Covid-19 pandemic. This MCO measure has not significantly affected the Group as we have obtained the approval from the Ministry of International Trade and Industry ("MITI") of Malaysia to continue to operate during this period with certain conditions, which we are currently practicing in our workplace.

On 28 April, 2020, MITI has further announced to allow companies with earlier approval to operate during the MCO period to increase its operating capacity to 100% without limitation on operating hours beginning 29 April, 2020. The Group is currently on full capacity.

Therefore, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current interim period.

4. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior interim period of the current financial year or changes in estimates of amounts reported in prior financial year.

5. DEBT AND EQUITY SECURITIES

There were no other issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the current interim period.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

6. DIVIDENDS PAID

A single tier interim dividend of 0.3 sen per ordinary share amounting to RM1,730,791 in respect of the financial year ending 30 June 2020 that was paid by the Company on 18 March 2020.

7. SEGMENTAL INFORMATION

Operating Segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture and sale of plastic parts and products.

Geographical Information

The Group operates in Malaysia and generates revenue from the following geographical locations of customers:-

	Individual quarter		Cumulative period	
	Current Quarter Ended 31.03.2020 RM'000	Corresponding Preceding Quarter Ended 31.03.2019 RM'000	Current Period-To-Date Ended 31.03.2020 RM'000	Corresponding Preceding Period-To-Date Ended 31.03.2019 RM'000
United States of America	9,248	16,769	29,958	53,590
Europe ^{*1}	3,431	4,585	11,087	11,386
Malaysia	1,973	2,667	7,339	7,711
Others ^{*2}	746	1,599	2,780	2,775
	<u>15,398</u>	<u>25,620</u>	<u>51,164</u>	<u>75,462</u>

Notes:-

^{*1} Comprise countries such as Switzerland and United Kingdom.

^{*2} Comprise countries such as China, Canada and others

8. CONTRACTUAL COMMITMENT

The Group has no other material contractual commitment in respect of property, plant and equipment as at the end of current quarter under review except for the following:

	31.03.2020 RM'000
Purchase - land and building	6,750
- plant and equipment	82
Total Commitments	<u>6,832</u>

9. CHANGES IN COMPOSITION

There were no significant changes in the composition of the Group during the current quarter under review.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

10. CONTINGENCIES

There were no significant changes in contingent assets or liabilities since 31 March 2020.

11. SUBSEQUENT EVENTS

There were no material events subsequent to 31 March 2020 that have not been reflected in this interim financial report.

12. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the current interim period.

13. DERIVATIVES

31.03.2020
RM'000

Forward exchange contracts - at fair value
- Current liabilities

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Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 March 2020, the Group had contracts with financial institutions due within 1 year to buy USD140,000 and sell USD1,850,000 at contractual forward rates.

The fair values of forward exchange contracts were quoted by the financial institutions, which normally measured the fair values using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

Fair Value Changes of Financial Liabilities

The Group does not remeasure its financial liabilities at fair value after the initial recognition.

Fair Value

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The inputs to valuation techniques used to measure fair value are categorised into the following levels of fair value hierarchy:-

- (i) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- (ii) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3 - unobservable inputs for the asset or liability.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

13. DERIVATIVES (CONT'D)

The carrying amounts of receivables, cash and cash equivalents, payables and loans and borrowings which are short-term in nature or repayable on demand are reasonable approximations of fair values. The fair values of long-term loans and borrowings are measured using present value technique by discounting the expected future cash flows using observable current market interest rates for similar liabilities (i.e. Level 2).

The fair values of forward exchange contracts are measured using present value technique by discounting the differences between contractual forward prices and observable current market forward prices using risk-free interest rate (i.e. Level 2).

There were no transfers between levels of fair value hierarchy during the current interim period.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

14. REVIEW OF PERFORMANCE

Current Quarter (Q3'20) vs Corresponding Preceding Quarter (Q3'19)

	Current quarter ended 31.03.2020 RM'000	Corresponding preceding quarter ended 31.03.2019		Variance	
		RM'000	RM'000	RM'000	%
Revenue	15,398	25,620	(10,222)	-40%	
Profit before tax	1,406	3,856	(2,450)	-64%	
Profit for the financial period	1,102	2,896	(1,794)	-62%	
Profit attributable to owners of the Company	610	1,633	(1,023)	-63%	

The Group recorded a revenue of RM15.40 million which was lower by RM10.22 million as compared to corresponding preceding quarter of RM25.62 million. The decrease was mainly due to decline in export sales to our customer arising from over stocking at its premises. The Group reported a decrease of RM2.45 million on profit before tax ("PBT") to RM1.41 million in the current quarter. The decrease in PBT was mainly due to the lower revenue reported in this quarter.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

14. REVIEW OF PERFORMANCE (CONT'D)

Current Cumulative Period (9M YTD'20) vs Corresponding Preceding Cumulative Period (9M YTD'19)

	Current period-to-date ended 31.03.2020 RM'000	Corresponding preceding period-to-date ended 31.03.2019 RM'000	Variance	
			RM'000	%
Revenue	51,164	75,462	(24,298)	-32%
Profit before tax	5,422	11,518	(6,096)	-53%
Profit for the financial period	4,471	8,487	(4,016)	-47%
Profit attributable to owners of the Company	2,834	4,521	(1,687)	-37%

The Group recorded a revenue of RM51.16 million which was lower by RM24.30 million as compared to corresponding preceding period of RM75.46 million. The decrease was mainly due to decline in export sales to one of our customers in United States of America. The Group reported a decrease of RM6.10 million on profit before tax ("PBT") to RM5.42 million in the current quarter. The decrease in PBT was mainly due to the lower revenue reported in this quarter.

Current quarter (Q3'20) vs Immediate Preceding Quarter (Q2'20)

	Current Quarter Ended 31.03.2020 RM'000	Immediate Preceding Quarter Ended 31.12.2019 RM'000	Variance	
			RM'000	%
Revenue	15,398	17,142	(1,744)	-10%
Profit before tax	1,406	1,628	(222)	-14%
Profit for the financial period	1,102	1,500	(398)	-27%
Profit attributable to owners of the Company	610	1,012	(402)	-40%

On a quarter on quarter comparison, the Group's revenue for the quarter ended 31 March 2020 decreased by RM1.74 million or 10% while PBT decreased by RM0.22 million or 14% for the current quarter as compared to the preceding quarter. The decrease in profit before tax was mainly due to lower revenue.

15. COMMENTARY ON PROSPECT

Despite the economic challenges caused by the earlier trade war and Covid-19 pandemic, the prospect of the Group is expected to remain positive for the coming year for our products relating to Hygiene Care which is widely used to prevent and control the spread of infectious diseases, which includes the unprecedented Covid-19 pandemic.

We have received encouraging sales orders from our customer from United States of America and Europe following the rapid spread of Covid-19 to those continents.

Going forward, there is growing demand for our Group to provide value added services for our products and services.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

16. PROFIT FORECAST

The Group did not issue any profit forecast in any form of public documentation and announcement.

17. TAX EXPENSE

	Individual quarter		Cumulative period	
	Current Quarter Ended 31.03.2020 RM'000	Corresponding Preceding Quarter Ended 31.03.2019 RM'000	Current Period-To-Date ended 31.03.2020 RM'000	Corresponding Preceding Period-To-Date Ended 31.03.2019 RM'000
Tax based on results for the financial period:-				
- Current tax	338	988	1,179	3,398
- Deferred tax	-	-	-	(283)
	<u>338</u>	<u>988</u>	<u>1,179</u>	<u>3,115</u>
Tax over provided in prior period:-				
- Current tax	(34)	(28)	(228)	(78)
- Deferred tax	-	-	-	(6)
	<u>304</u>	<u>960</u>	<u>951</u>	<u>3,031</u>

The effective tax rate of the Group for the current period-to-date under review was lower than the statutory tax rate of 24%. This was mainly due to Automation Capital Allowance ("ACA") tax incentive enjoyed by Rapid Growth Technology Sdn Bhd.

18. STATUS OF CORPORATE PROPOSALS

There are no other corporate proposals announced but not completed as at the date of the report except for the following:

On 21 August 2019, the Company made an announcement to Bursa Malaysia Securities Berhad ("Bursa Securities") to undertake the following proposals:-

- (i) Proposed acquisition of the remaining 40% equity interest in Rapid Growth Technology Sdn Bhd for a purchase consideration of RM48,000,000 to be satisfied entirely via issuance of 282,352,941 ordinary shares at an issue price of RM0.17 per shares to a nominee company owned by the vendors ("Proposed Acquisition"); and
- (ii) Proposed exemption to the vendors, their nominee company and the persons acting in concert with them from the obligation to undertake a mandatory take-over offer for all the remaining Shares and Warrants in the Company not already held by them pursuant to the Proposed Acquisition under Paragraph 4.08(1) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Proposed Exemption")

(collectively referred to as "Proposals")

The listing application in relation to the Proposals has been submitted to Bursa Securities on 6 September 2019. On 24 February 2020, the Company had voluntarily withdrawn the previous listing application pursuant to the Proposals which was submitted on 6 September 2019.

The necessary announcement on the revised Proposals will be made once the terms and structure have been finalised and deliberated thereupon. Accordingly thereafter, a new application pursuant to the revised Proposals will be submitted to Bursa Securities.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

19. BORROWINGS

The Group's loans and borrowings as at end of the reporting period were as follows:-

	Short-term RM'000	Long-term RM'000	Total RM'000
Secured:-			
- Lease liabilities	686	497	1,183
- Term loans	827	2,937	3,764
	<u>1,513</u>	<u>3,434</u>	<u>4,947</u>

20. DIVIDEND

The Board does not propose any dividend during the current quarter.

21. SIGNIFICANT EVENT

On 31 January 2020, RGT Berhad announced that its 60% owned subsidiary company, Rapid Growth Technology Sdn Bhd, has entered into a Sale and Purchase Agreement with ALPS Coating Sdn Bhd to purchase a piece of land and hereditaments held under Pajakan Negeri No. Hakmilik 11102, Lot 14731 (formerly known as HSD 56710, PT 965), Mukim 13, Daerah Seberang Perai Tengah, Negeri Pulau Pinang) with the factory building erected thereon bearing assessment address No. 1024 Lgk Perindustrian Bukit Minyak 2, Tmn Bukit Minyak, 14100 Simpang Ampat for a total purchase consideration of RM7,500,000.00 and subject to the terms and conditions stipulated in the Sale and Purchase Agreement. For further details, please refer to Bursa website for the announcement made by the Company.

Save for the above, there are no other significant events as at the date of the report.

22. CHANGES IN MATERIAL LITIGATION

Tenaga Nasional Berhad ("TNB") vs RGT Berhad

We refer to the above case as disclosed in our 2019 Annual Report. The Company has agreed with TNB to settle the total sum of RM1,980,000 which include the cost, interest thereon and allocator cost ("Settlement Sum"). The Settlement Sum agreed by both parties are as follows:-

- RM500,000 as initial payment has been paid on 15 October 2018;
- The balance of RM1,480,000 to be paid in 24 monthly instalments consisting of 23 equal instalments of RM61,666 and 1 final instalment of RM61,682 starting from 15 November 2018 to 15 October 2020.

The Settlement Sum has been fully accounted for in the financial statements of the Group.

Save as disclosed above, neither the Company nor any of its subsidiary companies is involved in any material litigation as at the latest practicable date, which has a material effect on the financial position of the Group.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

23. EARNINGS PER SHARE

	Individual quarter		Cumulative period	
	Current Quarter Ended 31.03.2020	Corresponding Preceding Quarter Ended 31.03.2019	Current Period-to-date Ended 31.03.2020	Corresponding Preceding Period-to-date Ended 31.03.2019
Profit attributable to owners of the Company (RM'000)	610	1,633	2,834	4,521
Weighted average number of ordinary shares in issue ('000)	576,930	576,930	576,930	576,930
Number of shares under warrant deemed to have been issued for no consideration ('000)	58,133	-	58,133	-
Weighted average number of shares for computing diluted earning per share ('000)	635,063	576,930	635,063	576,930
Earnings per share:-				
- Basic (sen)	0.11	0.28	0.49	0.78
- Diluted (sen)	0.10	0.28 *	0.45	0.78 *

* The diluted earnings per share equals the basic earnings per share as there were no dilutive potential ordinary shares during the financial quarter.

24. PROFIT BEFORE TAX

	Individual quarter		Cumulative period	
	Current Quarter Ended 31.03.2020 RM'000	Corresponding Preceding Quarter Ended 31.03.2019 RM'000	Current Period-to-date Ended 31.03.2020 RM'000	Corresponding Preceding Period-to-date Ended 31.03.2019 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Depreciation of property, plant and equipment	683	948	2,088	2,828
Depreciation of right-of-use asset	236	-	710	-
Fair value loss/(gain) on financial instruments mandatorily measured at fair value through profit or loss	244	(2)	226	(327)
Gain on disposal of property, plant and equipment	-	(4)	(16)	(63)
Interest expense	73	86	230	331
Interest income	(208)	(124)	(649)	(466)
Inventories written down	-	-	-	61
Property, plant and equipment written off	-	14	2	29
Reversal of inventories written down	(80)	-	(80)	-
(Gain)/Loss on foreign exchange:-				
- Realised	4	313	(143)	679
- Unrealised	(348)	(52)	(225)	74

Save for the above, the other items as required under Paragraph 16 of Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.