



RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

**CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

for the financial period ended 31 December 2020

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Individual quarter		Cumulative period	
		Current Quarter Ended 31.12.2020 RM'000	Corresponding Preceding Quarter Ended 31.12.2019 RM'000	Current Period-To-Date Ended 31.12.2020 RM'000	Corresponding Preceding Period-To-Date Ended 31.12.2019 RM'000
Revenue		45,365	17,142	87,121	35,766
Cost of goods sold		(33,517)	(12,760)	(62,743)	(26,397)
Gross profit		11,848	4,382	24,378	9,369
Interest income		100	233	203	441
Other income/(expense)		239	(8)	309	191
Administrative and general expenses		(4,334)	(2,896)	(7,971)	(5,828)
Finance costs		(56)	(83)	(125)	(157)
Profit before tax	23	7,797	1,628	16,794	4,016
Tax expense	17	(997)	(128)	(2,937)	(647)
Profit for the financial period		6,800	1,500	13,857	3,369
Other comprehensive income for the financial period		-	-	-	-
Comprehensive income for the financial period		6,800	1,500	13,857	3,369
Profit for the financial period attributable to:-					
- Owners of the Company		4,089	1,012	8,350	2,224
- Non-controlling interests		2,711	488	5,507	1,145
		6,800	1,500	13,857	3,369
Comprehensive income for the financial period attributable to:-					
- Owners of the Company		4,089	1,012	8,350	2,224
- Non-controlling interests		2,711	488	5,507	1,145
		6,800	1,500	13,857	3,369
Earnings per share:-	22				
- Basic (sen)		0.64	0.18	1.30	0.39
- Diluted (sen)		0.53	0.16	1.09	0.35

The Condensed Consolidated Financial Statements should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the year ended 30 June 2020.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	As at 31.12.2020 (Unaudited) RM'000	As at 30.06.2020 (Audited) RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		39,161	28,923
Right-of-use assets		18,254	12,538
Goodwill		17,147	17,147
Deferred tax assets		249	249
		<u>74,811</u>	<u>58,857</u>
CURRENT ASSETS			
Inventories		20,275	13,344
Receivables		24,186	17,196
Derivatives	13	189	8
Prepayments		1,871	2,321
Current tax assets		4	3
Cash and cash equivalents		58,542	32,027
		<u>105,067</u>	<u>64,899</u>
CURRENT LIABILITIES			
Payables		24,589	17,692
Loans and borrowings - secured		1,632	764
Lease liabilities		822	714
Derivatives	13	8	5
Contract liabilities		-	1,779
Current tax liabilities		2,076	518
		<u>29,127</u>	<u>21,472</u>
NET CURRENT ASSETS		75,940	43,427
NON-CURRENT LIABILITIES			
Loans and borrowings - secured		9,031	2,723
Lease liabilities		2,994	782
Deferred tax liabilities		5,340	5,003
		<u>17,365</u>	<u>8,508</u>
NET ASSETS		133,386	93,776
EQUITY			
Share capital	5	76,294	49,352
Warrant reserve	5	7,629	8,818
Retained profits		15,460	7,110
Equity attributable to owners of the Company		<u>99,383</u>	<u>65,280</u>
Non-controlling interests		34,003	28,496
TOTAL EQUITY		133,386	93,776
Net assets per ordinary share attributable to owners of the Company (sen)		15.52	11.32

The Condensed Consolidated Financial Statements should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the year ended 30 June 2020.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

(THE FIGURES HAVE NOT BEEN AUDITED)

	<u>Non-distributable</u>		<u>Distributable</u>	Equity attributable to owners of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Warrant reserve RM'000	Retained profits RM'000			
Balance at 1 July 2020	49,352	8,818	7,110	65,280	28,496	93,776
Issuance of shares under private placements	23,400	-	-	23,400	-	23,400
Issuance of shares under warrants	3,542	(1,189)	-	2,353	-	2,353
Total transactions with owners	26,942	(1,189)	-	25,753	-	25,753
Profit (representing comprehensive income) for the financial period	-	-	8,350	8,350	5,507	13,857
Balance at 31 December 2020	<u>76,294</u>	<u>7,629</u>	<u>15,460</u>	<u>99,383</u>	<u>34,003</u>	<u>133,386</u>
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)
Profit (representing comprehensive income) for the financial period	-	-	2,224	2,224	1,145	3,369
Balance at 31 December 2019	<u>49,352</u>	<u>8,818</u>	<u>6,094</u>	<u>64,264</u>	<u>26,306</u>	<u>90,570</u>

The Condensed Consolidated Financial Statements should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the year ended 30 June 2020.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Period-To-Date Ended 31.12.2020 RM'000	Corresponding Preceding Period-To-Date Ended 31.12.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	16,794	4,016
Adjustments for:-		
Depreciation of property, plant and equipment	1,591	1,405
Depreciation of right-of-use assets	705	474
Gain on disposal of property, plant and equipment	-	(16)
Interest expense	125	157
Interest income	(203)	(441)
Inventories written down	227	-
Property, plant and equipment written off	-	2
Unrealised gain on derivatives	(181)	(5)
Unrealised loss on foreign exchange	331	123
Operating profit before working capital changes	<u>19,389</u>	<u>5,715</u>
Changes in:-		
Inventories	(7,158)	1,275
Receivables and prepayments	(7,085)	4,169
Payables and contract liabilities	6,306	(1,107)
Derivatives	3	(13)
Cash generated from operations	<u>11,455</u>	<u>10,039</u>
Tax paid	(1,043)	(1,658)
Tax refunded	-	1,956
Net cash from operating activities	<u>10,412</u>	<u>10,337</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(11,847)	(246)
Acquisition of right-of-use assets	(3,604)	-
Interest received	203	441
Proceeds from disposal of property, plant and equipment	-	31
Net cash (used in)/from investing activities	<u>(15,248)</u>	<u>226</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to non-controlling interests	-	(1,200)
Drawdown of term loans	10,663	-
Interest paid	(125)	(157)
Issue of shares	23,400	-
Payment of lease liabilities	(1,430)	(327)
Placement of cash and cash equivalents pledged as security (net)	(28)	(46)
Proceeds from conversion of warrants	2,353	-
Repayment of term loans	(3,487)	(847)
Net cash from/(used in) financing activities	<u>31,346</u>	<u>(2,577)</u>

The Condensed Consolidated Financial Statements should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the year ended 30 June 2020.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

(THE FIGURES HAVE NOT BEEN AUDITED)

	Current Period-To-Date Ended 31.12.2020 RM'000	Corresponding Preceding Period-To-Date Ended 31.12.2019 RM'000
Currency translation differences	(23)	(12)
Net increase in cash and cash equivalents	26,487	7,974
Cash and cash equivalents brought forward	28,843	21,856
Cash and cash equivalents carried forward	<u>55,330</u>	<u>29,830</u>
Analysis of cash and cash equivalents:-		
- Highly liquid investments	49,609	28,011
- Term deposits	3,212	3,146
- Cash and bank balances	5,721	1,819
	<u>58,542</u>	<u>32,976</u>
Less: Cash and cash equivalents pledged	<u>(3,212)</u>	<u>(3,146)</u>
	<u>55,330</u>	<u>29,830</u>

The Condensed Consolidated Financial Statements should be read in conjunction with the accompanying explanatory notes and the audited financial statements for the year ended 30 June 2020.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

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 2020 except for the adoption of the following MFRSs:-

MFRS (Issued as at the end of the reporting period)	Effective for annual periods beginning on or after
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions</i>	1 June 2020
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

The initial application of the above MFRSs did not have any significant impacts on the interim financial report.

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 2023
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 4 <i>Extension of the Temporary Exemption from Applying MFRS 9 (w.e.f. 17 August 2020)</i>	-
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform-Phase 2</i>	1 January 2021
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 17 <i>Insurance Contracts</i>	1 January 2023

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

1. BASIS OF PREPARATION (CONT'D)

<u>MFRS (Issued as at the end of the reporting period)</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to MFRS 116 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvement to MFRS Standards 2018 – 2020	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

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

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

As at the quarter ended 31 December 2020, a total of 63,524,700 new ordinary shares were issued and allotted pursuant to the private placement and exercise of the warrants 2018/2023 ("Warrants"). Details of the issued and paid-up capital of the Company are as follows: -

Share Capital

	<u>No. of Shares</u>	<u>RM'000</u>
As at 30 June 2020	576,930,356	49,352
Issuance of Shares under Private Placement	40,000,000	23,400
Issuance of Shares under exercise of Warrants	23,524,700	3,542
As at 31 December 2020	<u>640,455,056</u>	<u>76,294</u>

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

5. DEBT AND EQUITY SECURITIES (CONT'D)

Warrant Reserve

	<u>No. of Warrants</u>	<u>RM'000</u>
As at 30 June 2020	174,398,724	8,818
Exercised	<u>(23,524,700)</u>	<u>(1,189)</u>
As at 31 December 2020	<u>150,874,024</u>	<u>7,629</u>

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

6. DIVIDEND PAID

No dividend was paid during the current interim period.

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: -

	<u>Individual quarter</u>		<u>Cumulative period</u>	
	Current quarter ended 31.12.2020 RM'000	Corresponding preceding quarter ended 31.12.2019 RM'000	Current period-to-date ended 31.12.2020 RM'000	Corresponding preceding period-to-date ended 31.12.2019 RM'000
United States of America	36,695	10,234	63,078	20,710
Europe ¹	5,447	3,895	17,183	7,656
Malaysia	2,609	2,438	5,588	5,366
Others ²	614	575	1,272	2,034
	<u>45,365</u>	<u>17,142</u>	<u>87,121</u>	<u>35,766</u>

Notes: -

¹ Comprise countries such as Netherlands, Switzerland and United Kingdom

² Comprise countries such as China, Canada and others

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

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 followings: -

	31.12.2020 RM'000
Acquisition of property, plant and equipment	<u>27,129</u>

9. CHANGES IN COMPOSITION

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

10. CONTINGENCIES

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

11. SUBSEQUENT EVENT

At the date of report, the Malaysian Government has made an announcement to impose a Movement Control Order ("MCO") 2.0. This will not significantly affect the Group as we have approval from the Ministry of International Trade and Industry ("MITI") of Malaysia to continue to operate with certain conditions, which we are currently adhering to.

There were no material events subsequent to 31 December 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

	31.12.2020 RM'000
Forward exchange contracts - at fair value	
- Current asset	189
- Current liabilities	(8)
	<u>181</u>

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 December 2020, the Group had contracts with financial institutions due within 1 year to buy USD71,080 and sell USD2,400,000 at contractual forward rates.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

13. DERIVATIVES (CONT'D)

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).

Financial assets and financial liabilities

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).

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.

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.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

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

14. REVIEW OF PERFORMANCE

Current Quarter (Q2'21) vs Corresponding Preceding Quarter (Q2'20) / Current Cumulative Period (6M YTD'21) vs Corresponding Preceding Cumulative Period (6M YTD'20)

	Individual Quarter				Cumulative Quarter			
	Current quarter ended 31.12.2020 RM'000	Corresponding preceding quarter ended 31.12.2019 RM'000	Variance		Current quarter ended 31.12.2020 RM'000	Corresponding preceding quarter ended 31.12.2019 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	45,365	17,142	28,223	165%	87,121	35,766	51,355	144%
Profit before tax	7,797	1,628	6,169	379%	16,794	4,016	12,778	318%
Profit for the financial period	6,800	1,500	5,300	353%	13,857	3,369	10,488	311%
Profit attributable to owners of the Company	4,089	1,012	3,077	304%	8,350	2,224	6,126	275%

With the strong increase in demand for hygiene care products such as sanitizer and soap dispensers, the Group earned a revenue of RM45.37 million, an increase of RM28.23 million or 165% compared to the revenue of the corresponding preceding quarter of RM17.14 million. This resulted the Group in earning a cumulative revenue of RM87.12 million for the 6 months ended 31 December 2020, which was an increase of RM51.35 million or 144% compared to the revenue for the cumulative corresponding preceding quarter of RM35.77 million.

In the view of the strong revenue growth, the Profit before Tax also increased by 318% from RM4.02 million to RM16.79 million, compared to the cumulative corresponding preceding quarter.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

14. REVIEW OF PERFORMANCE (CONT'D)

Current quarter (Q2'21) vs Immediate Preceding Quarter (Q1'21)

	Current quarter ended 31.12.2020 RM'000	Immediate preceding quarter ended 30.09.2020 RM'000	Variance	
			RM'000	%
Revenue	45,365	41,756	3,609	9%
Profit before tax	7,797	8,997	(1,200)	(13%)
Profit for the financial period	6,800	7,057	(257)	(4%)
Profit attributable to owners of the Company	4,089	4,261	(172)	(4%)

The revenue for the current quarter has increased by 9% to RM45.37 million compared to the immediate preceding quarter. This increase was mainly driven by the surge in the demand from our customer for the Hygiene Care Products

Nevertheless, the Profit before Tax fell by 13% from RM9.00 million to RM7.80 million compared to immediate preceding quarter as the Gross Profit Margin fell from 30% in the immediate preceding quarter to 26% in this quarter, mainly because of the average US Dollar rate depreciated sharply in the beginning of the quarter to the end of the quarter, which is around 3% against the Ringgit Malaysia.

In this quarter, the Group has also recorded a higher depreciation expense due to our capacity expansion while RM0.23 million of inventories were written down in this quarter.

15. COMMENTARY ON PROSPECT

The Group is experiencing strong demand for its Hygiene Care Products which are widely used to prevent and control the spread of infectious diseases, including the COVID-19 pandemic. As a result of this, new production lines and machineries were added in this quarter to increase its production capacity to cater for future sales.

However, with new customers and additional products in the pipeline (from the effect of the US-China trade war), the Group is working towards installing more production lines and machineries in an effort to increase its production capacity to meet the demand for our products.

Since the completion of the acquisition of the adjacent factory in September 2020, the Group has commenced with the expansion and will eventually have double the current production floor and warehousing space.

As at the date of this report, we have completed the 1st phase of conversion of the adjacent factory to a full warehouse facility while the remaining phases to expand the production floor and office block is still in progress and the final completion is planned for October, 2021. This future facility will not just meet current demand growth but also from new products developed by our internal Research and Development Department.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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 31.12.2020 RM'000	Corresponding preceding quarter ended 31.12.2019 RM'000	Current period-to-date ended 31.12.2020 RM'000	Corresponding preceding period-to-date ended 31.12.2019 RM'000
Tax based on results for the financial period: -				
- Current tax	660	322	2,600	841
- Deferred tax	337	-	337	-
	<u>997</u>	<u>322</u>	<u>2,937</u>	<u>841</u>
Tax overprovided in prior period: -				
- Current tax	-	(194)	-	(194)
	<u>997</u>	<u>128</u>	<u>2,937</u>	<u>647</u>

The effective tax rates are lower than the statutory tax rate mainly due to tax incentives enjoyed by the subsidiaries.

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:

- (a) On 18 September 2020, the Company made an announcement to Bursa Malaysia Securities Berhad ("Bursa Securities") to vary the terms of the earlier proposals signed between the Company and the Vendors of the remaining 40% interest in Rapid Growth Technology Sdn Bhd to the following: -
 - (i) RGT Berhad ("RGTBHD") had on the same date entered into a supplemental SSA with the Vendors for the acquisition of the remaining 6,000,000 RGTSB Shares, representing 40% equity interest in RGTSB, for a purchase consideration of RM124,800,000 to be satisfied entirely via issuance of 283,636,363 Consideration Shares at an issue price of RM0.44 per consideration Share to RGT Equity, subject to the terms and conditions contained in the SSA and Supplemental SSA ("Proposed Acquisition").
 - (ii) An exemption to the Vendors, RGT Equity and PAC from the obligation to undertake a mandatory take-over offer for all the remaining Shares and Warrants in RGTBHD not already held by them pursuant to the Proposed Acquisition under Paragraph 4.08(1)(a) of the Rules;

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

18. STATUS OF CORPORATE PROPOSALS (CONT'D)

- (iii) A special issue of up to 147,860,000 new RGTBHD Shares to Bumiputera investors to be identified and/or approved by the Ministry of International Trade and Industry.

On 02 December 2020, the Company made an announcement the application in relation to the Proposals have been submitted to the SC and MITI.

For further details, please refer to the earlier announcements made on 21 August, 2019, 6 September 2019, 24 February 2020, 15 June 2020, 19 June 2020 and 30 September 2020.

- (b) On 25 November 2020, the Company announced to undertake a private placement of up to 10% of the total number of issued shares of RGTBHD to third party investor(s) ("Private Placement"). The application for the Private Placement was submitted to Bursa Securities on 26 November 2020.

Bursa Securities had, vide its letter dated 30 November 2020, approved the listing and quotation of up to 75,132,908 new RGTBHD Shares ("Placement Share(s)"), subject to the conditions as detailed in the announcement made on 30 November 2020.

On 7 December 2020, RGTBHD fixed the issue price for the Private Placement at RM0.585 per Placement Share and 40,000,000 Placement Shares were issued, listed and quoted on the Main Market of Bursa Securities with effect from 9.00 a.m., 18 December 2020. This which marked the completion of the Private Placement. The total cash proceeds of RM23,400,000 was received. The status of the utilisation of the proceeds raised from the Private Placement is as follows: -

Purpose	Proposed utilisation RM'000	Actual Utilisation as at 31.12.2020 RM'000	Balance as at 31.12.2020 RM'000	Intended timeframe for utilisation
Capital expenditure for capacity expansion purposes	20,000	-	20,000	Within 12 months from receipt of placement funds
Working capital requirements	3,300	-	3,300	Within 12 months from receipt of placement funds
Expenses for the Private Placement	100	63	37 [^]	Immediate
	23,400	63	23,337	

[^] The excess fund allocated for the Private Placement expenses will be utilised for the working capital requirements of the Group in subsequent quarters.

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 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	822	2,994	3,816
- Term loans	1,632	9,031	10,663
	<u>2,454</u>	<u>12,025</u>	<u>14,479</u>

20. DIVIDEND

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

21. CHANGES IN MATERIAL LITIGATION

As at 31 December 2020, neither the Company nor any of its subsidiary companies 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 DECEMBER 2020

22. EARNINGS PER SHARE

	Individual quarter		Cumulative period	
	Current quarter ended 31.12.2020 RM'000	Corresponding preceding quarter ended 31.12.2019 RM'000	Current period-to-date ended 31.12.2020 RM'000	Corresponding preceding period-to-date ended 31.12.2019 RM'000
Profit attributable to owners of the Company (RM'000)	4,089	1,012	8,350	2,224
Weighted average number of ordinary shares in issue ('000)	640,455	576,930	640,455	576,930
Number of shares under warrant deemed to have been issued for no consideration ('000)	127,290	58,133	123,415	58,133
Weighted average number of shares for computing diluted earnings per share ('000)	767,745	635,063	763,870	635,063
Earnings per share: -				
- Basic (sen)	0.64	0.18	1.30	0.39
- Diluted (sen)	0.53	0.16	1.09	0.35

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

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

23. PROFIT BEFORE TAX

	Individual quarter		Cumulative period	
	Current quarter ended 31.12.2020 RM'000	Corresponding preceding quarter ended 31.12.2019 RM'000	Current period-to-date ended 31.12.2020 RM'000	Corresponding preceding period-to-date ended 31.12.2019 RM'000
Profit before tax is arrived at after charging/(crediting): -				
Depreciation of property, plant and equipment	866	691	1,591	1,405
Depreciation of right-of-use assets	384	237	705	474
Fair value gain on financial instruments mandatorily measured at fair value through profit or loss	(128)	(31)	(178)	(18)
Gain on disposal of property, plant and equipment	-	-	-	(16)
Interest expense	56	83	125	157
Interest income	(100)	(233)	(203)	(441)
Inventories written down	227	-	227	-
Loss/(Gain) on foreign exchange: -				
- Realised	217	(8)	352	(147)
- Unrealised	53	165	331	123
Property, plant and equipment write off	-	2	-	2

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.