



**RGT BERHAD**

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

**CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**  
*for the financial period ended 31 March 2021*

# RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	Individual quarter		Cumulative period	
		Current Quarter Ended 31.03.2021 RM'000	Corresponding Preceding Quarter Ended 31.03.2020 RM'000	Current Period-To-Date Ended 31.03.2021 RM'000	Corresponding Period-To-Date Ended 31.03.2020 RM'000
Revenue		32,290	15,398	119,411	51,164
Cost of goods sold		(24,661)	(11,542)	(87,404)	(37,939)
Gross profit		7,629	3,856	32,007	13,225
Interest income		203	208	406	649
Other income		212	207	521	398
Administrative and general expenses		(3,852)	(2,792)	(11,823)	(8,620)
Finance costs		(134)	(73)	(259)	(230)
Profit before tax	24	4,058	1,406	20,852	5,422
Tax income/(expense)	17	1,019	(304)	(1,918)	(951)
Profit for the financial period		5,077	1,102	18,934	4,471
Other comprehensive income for the financial period		-	-	-	-
Comprehensive income for the financial period		5,077	1,102	18,934	4,471
Profit for the financial period attributable to:-					
- Owners of the Company		3,025	610	11,375	2,834
- Non-controlling interests		2,052	492	7,559	1,637
		5,077	1,102	18,934	4,471
Comprehensive income for the financial period attributable to:-					
- Owners of the Company		3,025	610	11,375	2,834
- Non-controlling interests		2,052	492	7,559	1,637
		5,077	1,102	18,934	4,471
Earnings per share:-	23				
- Basic (sen)		0.46	0.11	1.74	0.49
- Diluted (sen)		0.40	0.10	1.49	0.45

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 MARCH 2021

	Note	As at 31.03.2021 (Unaudited) RM'000	As at 30.06.2020 (Audited) RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		48,749	28,923
Right-of-use assets		17,825	12,538
Goodwill		17,147	17,147
Deferred tax assets		249	249
		<u>83,970</u>	<u>58,857</u>
<b>CURRENT ASSETS</b>			
Inventories		17,082	13,344
Receivables		21,064	17,196
Derivatives	13	-	8
Prepayments		2,198	2,321
Current tax assets		180	3
Cash and cash equivalents		54,572	32,027
		<u>95,096</u>	<u>64,899</u>
<b>CURRENT LIABILITIES</b>			
Payables		12,307	17,692
Loans and borrowings	20	3,196	764
Lease liabilities	20	952	714
Derivatives	13	307	5
Contract liabilities		-	1,779
Current tax liabilities		67	518
		<u>16,829</u>	<u>21,472</u>
<b>NET CURRENT ASSETS</b>		<b>78,267</b>	<b>43,427</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	20	14,729	2,723
Lease liabilities	20	2,543	782
Deferred tax liabilities		5,340	5,003
		<u>22,612</u>	<u>8,508</u>
<b>NET ASSETS</b>		<b>139,625</b>	<b>93,776</b>
<b>EQUITY</b>			
Share capital	5	78,044	49,352
Warrant reserve	5	7,041	8,818
Retained profits		18,485	7,110
Equity attributable to owners of the Company		<u>103,570</u>	<u>65,280</u>
Non-controlling interests		36,055	28,496
<b>TOTAL EQUITY</b>		<b>139,625</b>	<b>93,776</b>
Net assets per ordinary share attributable to owners of the Company (sen)		<u>15.88</u>	<u>11.32</u>

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# RGT BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

(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	5,292	(1,777)	-	3,515	-	3,515
Total transactions with owners	28,692	(1,777)	-	26,915	-	26,915
Profit (representing comprehensive income) for the financial period	-	-	11,375	11,375	7,559	18,934
Balance at 31 March 2021	<u>78,044</u>	<u>7,041</u>	<u>18,485</u>	<u>103,570</u>	<u>36,055</u>	<u>139,625</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)
Dividends	-	-	(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>

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

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Registration No: 198101004909 (71024-T)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

(THE FIGURES HAVE NOT BEEN AUDITED)

	<b>Current Period-To-Date Ended 31.03.2021 RM'000</b>	<b>Corresponding Preceding Period-To-Date Ended 31.03.2020 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	20,852	5,422
Adjustments for:-		
Depreciation of property, plant and equipment	2,517	2,088
Depreciation of right-of-use assets	1,134	710
Gain on disposal of property, plant and equipment	(16)	(16)
Interest expense	259	230
Interest income	(406)	(649)
Inventories written down	583	-
Property, plant and equipment written off	-	2
Reversal of inventories written down	(356)	(80)
Unrealised gain on foreign exchange	(384)	(225)
Unrealised loss on derivatives	307	239
Operating profit before working capital changes	<u>24,490</u>	<u>7,721</u>
Changes in:-		
Inventories	(3,965)	935
Receivables and prepayments	(3,311)	3,473
Payables and contract liabilities	(6,308)	(2,602)
Derivatives	3	(13)
Cash generated from operations	<u>10,909</u>	<u>9,514</u>
Tax paid	(2,209)	(2,743)
Tax refunded	-	1,995
Net cash from operating activities	<u>8,700</u>	<u>8,766</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(22,365)	(283)
Acquisition of right-of-use assets	(3,603)	-
Interest received	406	649
Proceeds from disposal of property, plant and equipment	20	31
Net cash (used in)/from investing activities	<u>(25,542)</u>	<u>397</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid to owners of the Company	-	(1,731)
Dividends paid to non-controlling interests	-	(1,200)
Drawdown of loans and borrowings	18,173	-
Interest paid	(259)	(230)
Issue of shares	23,400	-
Payment of lease liabilities	(1,751)	(493)
Placement of cash and cash equivalents pledged as security (net)	(41)	(67)
Proceeds from conversion of warrants	3,515	-
Repayment of loans and borrowings	(4,096)	(1,199)
Net cash from/(used in) financing activities	<u>38,941</u>	<u>(4,920)</u>

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021 (CONT'D)

(THE FIGURES HAVE NOT BEEN AUDITED)

	<b>Current Period-To-Date Ended 31.03.2021 RM'000</b>	<b>Corresponding Preceding Period-To-Date Ended 31.03.2020 RM'000</b>
Currency translation differences	44	12
Net increase in cash and cash equivalents	22,143	4,255
Cash and cash equivalents brought forward	28,843	21,856
Cash and cash equivalents carried forward	<u>50,986</u>	<u>26,111</u>
Analysis of cash and cash equivalents:-		
- Highly liquid investments	34,762	22,257
- Term deposits	3,225	3,167
- Cash and bank balances	<u>16,585</u>	<u>3,854</u>
	54,572	29,278
Less:		
- Cash and cash equivalents pledged	(3,225)	(3,167)
- Bank overdraft	<u>(361)</u>	<u>-</u>
	<u>50,986</u>	<u>26,111</u>

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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

### 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 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

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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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### 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 period ended 31 March 2021, a total of 75,144,600 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	35,144,600	5,292
As at 31 March 2021	<u>652,074,956</u>	<u>78,044</u>



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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

### 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>(35,144,600)</u>	<u>(1,777)</u>
As at 31 March 2021	<u>139,254,124</u>	<u>7,041</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 31.03.2021 RM'000	Corresponding preceding quarter ended 31.03.2020 RM'000	Current period-to-date ended 31.03.2021 RM'000	Corresponding preceding period-to-date ended 31.03.2020 RM'000
United States of America	19,440	9,248	82,517	29,958
Europe <sup>1</sup>	9,528	3,431	26,711	11,087
Malaysia	2,217	1,973	7,806	7,339
Others <sup>2</sup>	1,105	746	2,377	2,780
	<u>32,290</u>	<u>15,398</u>	<u>119,411</u>	<u>51,164</u>

Notes: -

<sup>1</sup> Comprise countries such as Netherlands, Switzerland and United Kingdom

<sup>2</sup> Comprise countries such as China, Canada and others

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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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### 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: -

	31.03.2021 RM'000
Acquisition of property, plant and equipment	<u>33,359</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 March 2021.

### 11. SUBSEQUENT EVENT

There were no material events subsequent to 31 March 2021 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

	31.03.2021 RM'000
Forward exchange contracts - at fair value - Current liabilities	<u>307</u>

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 March 2021, the Group had contracts with financial institutions due within 1 year to buy RM14,863,000 and sell USD3,650,000 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).

#### 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).

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## **EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

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### **13. DERIVATIVES (CONT'D)**

#### **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.

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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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

#### 14. REVIEW OF PERFORMANCE

##### Current Quarter (Q3'21) vs Corresponding Preceding Quarter (Q3'20) / Current Cumulative Period (9M YTD'21) vs Corresponding Preceding Cumulative Period (9M YTD'20)

	Individual Quarter				Cumulative Quarter			
	Current quarter ended 31.03.2021 RM'000	Corresponding preceding quarter ended 31.03.2020 RM'000	Variance		Current quarter ended 31.03.2021 RM'000	Corresponding preceding quarter ended 31.03.2020 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	32,290	15,398	16,892	110%	119,411	51,164	68,247	133%
Profit before tax	4,058	1,406	2,652	189%	20,852	5,422	15,430	285%
Profit for the financial period	5,077	1,102	3,975	361%	18,934	4,471	14,463	323%
Profit attributable to owners of the Company	3,025	610	2,415	396%	11,375	2,834	8,541	301%

With the strong increase in demand for hygiene care products such as sanitizer and soap dispensers, the Group earned a revenue of RM32.29 million, an increase of RM16.89 million or 110% compared to the revenue of the corresponding preceding quarter of RM15.40 million. This resulted in the Group earning a cumulative revenue of RM119.41 million for the 9 months ended 31 March 2021. This was an increase of RM68.25 million or 133% compared to the revenue for the cumulative corresponding preceding quarter of RM51.16 million.

This resulted the Profit before Tax also to increase by 285% from RM5.42 million to RM20.85 million, compared to the cumulative corresponding preceding quarter.

The Profit after Tax increased to RM18.93 million from RM4.47 million, compared to the cumulative corresponding preceding quarter. This increase was mainly due to our 60% owned subsidiary, RGTSB achieving a significant increase in exports sales compared to cumulative corresponding preceding quarter. This resulted the Company able to enjoy a 30% tax allowance of the value of increased exports under the income tax (exemption) (No. 5) order 2019.

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### EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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#### 14. REVIEW OF PERFORMANCE (CONT'D)

##### Current Quarter (Q3'21) vs Immediate Preceding Quarter (Q2'21)

	Current quarter ended 31.03.2021 RM'000	Immediate preceding quarter ended 31.12.2020 RM'000	Variance	
			RM'000	%
Revenue	32,290	45,365	(13,075)	(29%)
Profit before tax	4,058	7,797	(3,739)	(48%)
Profit for the financial period	5,077	6,800	(1,723)	(25%)
Profit attributable to owners of the Company	3,025	4,089	(1,064)	(26%)

The revenue for the current quarter decreased by 29% quarter-on-quarter ("qoq") to RM32.29 million. The decrease in demand was mainly due to the lesser orders received from our customers resulted by the increasing global shipping cost and also resurgence of COVID-19 cases in North America and Europe.

The resurgence of the COVID-19 cases in North America and Europe led to stricter containment measures imposed by the local authorities. This has directly disrupted the delivery of our products from our customers' warehouse to their end customers and resulted in a temporary congestion at our customers' warehouse.

The Profit before Tax fell by 48% from RM7.80 million to RM4.06 million compared to the immediate preceding quarter, mainly due to the lower revenue coupled with the drop in Gross Profit Margin from 26.1% to 23.6%. The fall in Gross Profit Margin is mainly due to the US Dollar having depreciated by 2% on average against Ringgit Malaysia on a quarter-to-quarter basis.

#### 15. COMMENTARY ON PROSPECT

The global economy has continued to be impacted by the COVID-19 pandemic, which disrupted global supply chain causing longer delivery lead times and affecting both global and regional economic conditions.

The current contraction in revenue was mainly caused by the resurgence of COVID-19 cases in Northern America and Europe which subsequently led to new containment measures. These measures affected shipping schedules and our overseas buyers' ability to deliver landed goods to end customers as well as causing temporary warehousing problems. New orders have also slowed down as buyers focused on addressing delivery backlogs while higher freight rates further discouraged more timely purchases. Due to such interruptions and uncertainties, the Group expect deferment of orders and deliveries for the next quarter.

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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

### 15. COMMENTARY ON PROSPECT (CONT'D)

Underlying demand for our core products remained healthy and should expand further once the situation improves. During this quarter, the Group obtained final approval from existing customers to expedite and proceed with multiple developments of hygiene products particularly products relating to sanitizers and soap dispensers with enhanced features. These products will be widely used to prevent and control the spread of infectious diseases. Management is equally upbeat on the prospects of securing additional customers given the competitive products the team is able to offer, especially in light of the ongoing US-China trade war and global economic recovery. The internal Research and Development Department has been busy working as well on new designs and products.

With new customers and additional products in the pipeline, the Group will soon be installing additional production lines and machineries to increase production capacity. As at the date of this report, the expansion of the production floor and office block is 50% completed and the final completion expects to be completed by October, 2021. The new facility is expected to meet the current demand growth from existing customers and also cater for new customers with new products developed by our internal Research and Development Department.

### 16. PROFIT FORECAST

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

### 17. TAX (INCOME)/EXPENSE

	Individual quarter		Cumulative period	
	Current quarter ended 31.03.2021 RM'000	Corresponding preceding quarter ended 31.03.2020 RM'000	Current period-to-date ended 31.03.2021 RM'000	Corresponding preceding period-to-date ended 31.03.2020 RM'000
Tax based on results for the financial period: -				
- Current tax	(1,047)	338	1,553	1,179
- Deferred tax	-	-	337	-
	<u>(1,047)</u>	<u>338</u>	<u>1,890</u>	<u>1,179</u>
Tax under/(over) provided in prior period: -				
- Current tax	28	(34)	28	(228)
	<u>(1,019)</u>	<u>304</u>	<u>1,918</u>	<u>951</u>

The effective tax rates are lower than the statutory tax rate mainly due to 60% owned subsidiary RGTSB has a significant increase in export sales and the Company is able to enjoy tax allowance under income tax (exemption)(No.5) order 2019.

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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

### 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 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;
- (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 2 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.

### 19. UTILISATION OF PROCEEDS

Subsequent to the Company's issuance of 40,000,000 Ordinary Shares ("Placement Share(s)") at RM0.585 per Placement Share on 18 December 2020 ("Private Placement"), the status of utilisation of the proceeds raised from the Private Placement amounting to RM23,400,000 up to 31 March 2021 is as follows:-

Purpose	Proposed utilisation RM'000	Actual Utilisation as at 31.03.2021 RM'000	Balance as at 31.03.2021 RM'000	Intended timeframe for utilisation
Capital expenditure for capacity expansion purposes	20,000	9,463	10,537	Within 12 months from receipt of placement funds
Working capital requirements	3,327*	2,500	827	Within 12 months from receipt of placement funds
Expenses for the Private Placement	73	73	-	Immediate
	23,400	12,036	11,364	

Notes: -

\* Include the excess funds allocated for the Expenses for the Private Placement of RM27,000 which will be utilised for general working capital purposes in subsequent quarters.

## **RGT BERHAD**

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### **EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021**

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#### **20. 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
<b>Secured</b>			
- Lease liabilities	952	2,543	3,495
- Term loans	2,302	14,729	17,031
<b>Unsecured</b>			
- Banker acceptance	533	-	533
- Bank overdraft	361	-	361
	<u>4,148</u>	<u>17,272</u>	<u>21,420</u>

#### **21. DIVIDEND**

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

#### **22. CHANGES IN MATERIAL LITIGATION**

As at 31 March 2021, 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.



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### EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

#### 23. EARNINGS PER SHARE

	Individual quarter		Cumulative period	
	Current quarter ended 31.03.2021 RM'000	Corresponding preceding quarter ended 31.03.2020 RM'000	Current period-to-date ended 31.03.2021 RM'000	Corresponding preceding period-to-date ended 31.03.2020 RM'000
Profit attributable to owners of the Company (RM'000)	3,025	610	11,375	2,834
Weighted average number of ordinary shares in issue ('000)	652,075	576,930	652,075	576,930
Number of shares under warrant deemed to have been issued for no consideration ('000)	111,117	58,133	112,204	58,133
Weighted average number of shares for computing diluted earnings per share ('000)	763,192	635,063	764,279	635,063
Earnings per share: -				
- Basic (sen)	0.46	0.11	1.74	0.49
- Diluted (sen)	0.40	0.10	1.49	0.45

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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

### 24. PROFIT BEFORE TAX

	Individual quarter		Cumulative period	
	Current quarter ended 31.03.2021 RM'000	Corresponding preceding quarter ended 31.03.2020 RM'000	Current period-to-date ended 31.03.2021 RM'000	Corresponding preceding period-to-date ended 31.03.2020 RM'000
Profit before tax is arrived at after charging/(crediting): -				
Depreciation of property, plant and equipment	926	683	2,517	2,088
Depreciation of right-of-use assets	429	236	1,134	710
Fair value losses on financial instruments mandatorily measured at fair value through profit or loss	488	244	310	226
Gain on disposal of property, plant and equipment	(16)	-	(16)	(16)
(Gain)/Loss on foreign exchange: -				
- Realised	238	4	590	(143)
- Unrealised	(715)	(348)	(384)	(225)
Interest expense	134	73	259	230
Interest income	(203)	(208)	(406)	(649)
Inventories written down	356	-	583	-
Property, plant and equipment written off	-	-	-	2
Reversal of inventories written down	(356)	(80)	(356)	(80)

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.