



**RGT BERHAD**

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

**CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**  
*for the financial year ended 30 June 2021*

# RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Note	Individual quarter		Cumulative period	
		Current Quarter Ended 30.06.2021 (Unaudited) RM'000	Corresponding Preceding Quarter Ended 30.06.2020 (Unaudited) RM'000	Current Year-To-Date Ended 30.06.2021 (Audited) RM'000	Corresponding Preceding Year-To-Date Ended 30.06.2020 (Audited) RM'000
Revenue		10,954	26,330	130,365	77,494
Cost of goods sold		(9,827)	(17,881)	(97,231)	(55,820)
Gross profit		1,127	8,449	33,134	21,674
Interest income		232	172	638	821
Other (expenses)/income		(432)	(50)	89	348
Administrative and general expenses		(2,799)	(3,962)	(14,622)	(12,582)
Finance costs		(173)	(6)	(432)	(236)
(Loss)/Profit before tax	24	(2,045)	4,603	18,807	10,025
Tax income/(expense)	17	216	(1,068)	(1,702)	(2,019)
(Loss)/Profit for the financial period/year		(1,829)	3,535	17,105	8,006
Other comprehensive income for the financial period/year		-	-	-	-
Comprehensive income for the financial period/year		(1,829)	3,535	17,105	8,006
(Loss)/Profit for the financial period/year attributable to:-					
- Owners of the Company		(1,361)	2,137	10,014	4,971
- Non-controlling interests		(468)	1,398	7,091	3,035
		(1,829)	3,535	17,105	8,006
Comprehensive income for the financial period/year attributable to:-					
- Owners of the Company		(1,361)	2,137	10,014	4,971
- Non-controlling interests		(468)	1,398	7,091	3,035
		(1,829)	3,535	17,105	8,006
(Loss)/Earnings per share:-	23				
- Basic (sen)		(0.22)	0.37	1.61	0.86
- Diluted (sen)		(0.22)	0.32	1.35	0.77

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 2021.

# RGT BERHAD

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Registration No: 198101004909 (71024-T)

## AUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		56,563	28,923
Right-of-use assets		17,783	12,538
Goodwill		17,147	17,147
Deferred tax assets		199	249
		<u>91,692</u>	<u>58,857</u>
<b>CURRENT ASSETS</b>			
Inventories		21,801	13,344
Receivables		6,504	17,196
Derivatives	13	-	8
Prepayments		3,381	2,321
Current tax assets		912	3
Cash and cash equivalents		56,105	32,027
		<u>88,703</u>	<u>64,899</u>
<b>CURRENT LIABILITIES</b>			
Payables		15,207	17,692
Loans and borrowings	20	2,436	764
Lease liabilities	20	1,258	714
Derivatives	13	7	5
Contract liabilities		569	1,779
Current tax liabilities		-	518
		<u>19,477</u>	<u>21,472</u>
<b>NET CURRENT ASSETS</b>		<b>69,226</b>	<b>43,427</b>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	20	15,411	2,723
Lease liabilities	20	2,304	782
Deferred tax liabilities		5,338	5,003
		<u>23,053</u>	<u>8,508</u>
<b>NET ASSETS</b>		<b>137,865</b>	<b>93,776</b>
<b>EQUITY</b>			
Share capital	5	78,148	49,352
Warrant reserve	5	7,006	8,818
Retained profits		17,124	7,110
Equity attributable to owners of the Company		<u>102,278</u>	<u>65,280</u>
Non-controlling interests		35,587	28,496
<b>TOTAL EQUITY</b>		<b>137,865</b>	<b>93,776</b>
Net assets per ordinary share attributable to owners of the Company (sen)		<u>15.67</u>	<u>11.32</u>

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## AUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	<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 placement	23,400	-	-	23,400	-	23,400
Issuance of shares under warrants	5,396	(1,812)	-	3,584	-	3,584
Total transactions with owners	28,796	(1,812)	-	26,984	-	26,984
Profit (representing comprehensive income) for the financial year	-	-	10,014	10,014	7,091	17,105
Balance at 30 June 2021	<u>78,148</u>	<u>7,006</u>	<u>17,124</u>	<u>102,278</u>	<u>35,587</u>	<u>137,865</u>
Balance at 1 July 2019	49,352	8,818	3,870	62,040	26,361	88,401
Issue of shares to non-controlling interests	-	-	-	-	300	300
Interim single tier dividend of 0.3 sen per share	-	-	(1,731)	(1,731)	-	(1,731)
Dividends to non-controlling interests	-	-	-	-	(1,200)	(1,200)
Total transactions with owners	-	-	(1,731)	(1,731)	(900)	(2,631)
Profit (representing comprehensive income) for the financial year	-	-	4,971	4,971	3,035	8,006
Balance at 30 June 2020	<u>49,352</u>	<u>8,818</u>	<u>7,110</u>	<u>65,280</u>	<u>28,496</u>	<u>93,776</u>

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## AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

	Current Year-To-Date Ended 30.06.2021 (Audited) RM'000	Corresponding Preceding Year-To-Date Ended 30.06.2020 (Audited) RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	18,807	10,025
Adjustments for:-		
Depreciation of property, plant and equipment	3,470	2,763
Depreciation of right-of-use assets	1,546	957
Gain on disposal of property, plant and equipment	(16)	(79)
Interest expense	432	236
Interest income	(638)	(821)
Inventories written down	657	221
Property, plant and equipment written off	3	3
Reversal of inventories written down	(367)	(156)
Unrealised (gain)/loss on foreign exchange	(31)	134
Unrealised loss/(gain) on derivatives	7	(3)
Operating profit before working capital changes	<u>23,870</u>	<u>13,280</u>
Changes in:-		
Inventories	(8,747)	(4,082)
Receivables and prepayments	11,425	(3,823)
Payables and contract liabilities	(3,705)	8,776
Derivatives	3	(13)
Cash generated from operations	<u>22,846</u>	<u>14,138</u>
Tax paid	(2,824)	(2,799)
Tax refunded	80	1,999
Net cash from operating activities	<u>20,102</u>	<u>13,338</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(32,676)	(2,090)
Acquisition of right-of-use assets	(3,797)	(76)
Interest received	638	821
Proceeds from disposal of property, plant and equipment	20	94
Net cash used in investing activities	<u>(35,815)</u>	<u>(1,251)</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	18,663	-
Interest paid	(432)	(236)
Issue of shares pursuant to exercise of warrants	3,584	-
Issue of shares pursuant to private placement	23,400	-
Issue of shares to non-controlling interests	-	300
Payment of lease liabilities	(1,122)	(661)
Placement of cash and cash equivalents pledged as security (net)	(53)	(84)
Repayment of loans and borrowings	(4,303)	(1,477)
Net cash from/(used in) financing activities	<u>39,737</u>	<u>(5,089)</u>

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## AUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 (CONT'D)

	<b>Current Year-To-Date Ended 30.06.2021 (Audited) RM'000</b>	<b>Corresponding Preceding Year-To-Date Ended 30.06.2020 (Audited) RM'000</b>
Currency translation differences	1	(11)
Net increase in cash and cash equivalents	24,025	6,987
Cash and cash equivalents brought forward	28,843	21,856
Cash and cash equivalents carried forward	<u>52,868</u>	<u>28,843</u>
Analysis of cash and cash equivalents:-		
- Highly liquid investments	49,592	25,347
- Term deposits	3,237	3,184
- Cash and bank balances	<u>3,276</u>	<u>3,496</u>
	56,105	32,027
Less: Cash and cash equivalents pledged	<u>(3,237)</u>	<u>(3,184)</u>
	<u>52,868</u>	<u>28,843</u>

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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 2021.

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 2021 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 Group has also early applied the Amendment to MFRS 16 COVID-19-Related Rent Concessions beyond 30 June 2021 which is effective for annual periods beginning on or after 1 April 2021.

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 YEAR ENDED 30 JUNE 2021

### 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 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</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

Other than the effects from COVID-19 Pandemic and the disruption of the operations as mentioned in Note 14 and 15, 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

As at the year ended 30 June 2021, a total of 75,837,500 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	35,837,500	5,396
As at 30 June 2021	<u>652,767,856</u>	<u>78,148</u>



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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 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>(35,837,500)</u>	<u>(1,812)</u>
As at 30 June 2021	<u>138,561,224</u>	<u>7,006</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 30.06.2021 RM'000	Corresponding preceding quarter ended 30.06.2020 RM'000	Current year-to-date ended 30.06.2021 RM'000	Corresponding preceding year-to-date ended 30.06.2020 RM'000
United States of America	4,391	16,278	86,908	46,236
Europe <sup>1</sup>	4,159	7,125	30,870	18,212
Malaysia	1,959	2,180	9,765	9,519
Others <sup>2</sup>	445	747	2,822	3,527
	<u>10,954</u>	<u>26,330</u>	<u>130,365</u>	<u>77,494</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 YEAR ENDED 30 JUNE 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: -

	30.06.2021 RM'000
Acquisition of property, plant and equipment	21,120
Acquisition of right-of-use assets	4,725
	<u>25,845</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 30 June 2021.

### 11. SUBSEQUENT EVENT

A single tier interim dividend of 0.6 sen per ordinary share amounting to RM3,918,707 in respect of the financial year ending 30 June 2022 was declared and paid by the Company on 15 July 2021 and 16 August 2021 respectively.

There were no material events subsequent to 30 June 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

	30.06.2021 RM'000
Forward exchange contracts - at fair value	
- Current liabilities	<u>7</u>

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 30 June 2021, the Group had contracts with financial institutions due within 1 year to buy RM2,279,000 and sell USD550,000 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).

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## **EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

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

#### **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.

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## EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

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

#### 14. REVIEW OF PERFORMANCE

##### Current Quarter (Q4'21) vs Corresponding Preceding Quarter (Q4'20) / Current Cumulative Period (12M YTD'21) vs Corresponding Preceding Cumulative Period (12M YTD'20)

	Individual Quarter				Cumulative Period			
	Current Quarter Ended 30.06.2021 RM'000	Corresponding Preceding Quarter Ended 30.06.2020 RM'000	Variance		Current Year-to-date Ended 30.06.2021 RM'000	Corresponding Year-to-date Ended 30.06.2020 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue	10,954	26,330	(15,376)	-58%	130,365	77,494	52,871	68%
(Loss)/Profit before tax	(2,045)	4,603	(6,648)	-144%	18,807	10,025	8,782	88%
(Loss)/Profit for the financial period/year	(1,829)	3,535	(5,364)	-152%	17,105	8,006	9,099	114%
(Loss)/Profit attributable to owners of the Company	(1,361)	2,137	(3,498)	-164%	10,014	4,971	5,043	101%

The Group recorded a revenue of RM10.95 million which was lower by RM15.38 million as compared to corresponding preceding quarter of RM26.33 million. The main reason for the decline in revenue was mainly due to the temporary overstocking at our customer's warehouse as mentioned in our previous quarterly report. The movement control restrictions imposed nationwide under Movement Control Order 3.0 ("MCO 3.0") by the Malaysian Government have affected our operations in all factories in the Group, particularly our factory in Penang. We had to temporarily stop all activities from 15 June, 2021 until 11 July, 2021 as the Ministry of International Trade and Industry ("MITI") of Malaysia deemed some of the Group's hygiene washroom products is not under its essential category definition and cancelled the earlier given approval. The subsidiary company had to cancel and defer all the confirmed shipping schedules to the following months. This explains the Group's inventories rising to RM21.80 million as at 30 June, 2021 while it was only RM13.34 million the year before.

The MCO 3.0 caused the Group to report a Loss before Tax of RM2.05 million in this quarter compared to a Profit before Tax of RM4.60 million in the previous corresponding preceding quarter. During the quarter, there was an amount of RM456,000 being professional fees charged out due to the withdrawal of the Corporate Exercise as announced in Bursa Malaysia Securities Berhad on 30 June 2021.

The Revenue and the Profit before Tax for the current year to date has significantly increased compared to the corresponding preceding year to date. The Revenue and Profit Before Tax has increased by RM52.87 million and RM8.78 million respectively. This strong increase in performance was mainly driven by the surge in demand for Hygiene Care Products such as soap and sanitizer dispensers which are widely used to prevent and control the spread of infectious diseases.

The effective tax rate for this year is lower than the statutory income tax rate as our 60% owned subsidiary, Rapid Growth Technology Sdn Bhd ("RGTSB") is 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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#### 14. REVIEW OF PERFORMANCE (CONT'D)

##### Current Quarter (Q4'21) vs Immediate Preceding Quarter (Q3'21)

	Current quarter ended 30.06.2021 RM'000	Immediate preceding quarter ended 31.03.2021 RM'000	Variance	
			RM'000	%
Revenue	10,954	32,290	(21,336)	-66%
(Loss)/Profit before tax	(2,045)	4,058	(6,103)	-150%
(Loss)/Profit for the financial period	(1,829)	5,077	(6,906)	-136%
(Loss)/Profit attributable to owners of the Company	(1,361)	3,025	(4,386)	-145%

The revenue for the current quarter decreased by 66% quarter-on-quarter to RM10.95 million. The decrease in demand was mainly due to reduce orders received from our customers who experienced a temporary congestion at their warehouse. This was the result of a resurgence of COVID-19 cases in North America and Europe where stricter containment measures were imposed by the local authorities that disrupted the delivery of our products from our customers' warehouse to their end customers.

The lower revenue resulted in the Group reporting a Loss before Tax of RM2.05 million in this quarter compared to a Profit before Tax of RM4.06 million in the immediate preceding quarter. In this quarter, there is also a one-off charge of approximately RM456,000 in professional fees incurred in relation to the withdrawal of the Corporate Exercise as announced in Bursa Malaysia Securities Berhad on 30 June 2021.

#### 15. COMMENTARY ON PROSPECT

As COVID-19 vaccination programs gather momentum and the World moves towards normality, there is a sense of optimism of a Global Economic Recovery. Nevertheless, demand recovery is still not smooth as new COVID-19 variants emerge and the global supply chain is still struggling to normalize, hampered by unexpected interruptions at ports, reduced air freight capacity as well as being weighted down by localized containment measures. Some of the ongoing transportation challenges and worldwide shortages of certain Integrated Circuits ("IC") to our product lines are disrupting the Group's ability to ship out our goods in a timely manner.

In Malaysia, the Movement Control Order 3.0 ("MCO 3.0") was introduced in June 2021 to contain the spread of COVID-19. Due to this nationwide lockdown measure, the Group had to temporarily stop work from 15 June 2021 until 11 July 2021 as the Ministry of International Trade and Industry ("MITI") of Malaysia considered some of the Group's hygiene washroom products was not essential products and proceeded to cancel an earlier permit to work. A new approval was eventually granted and the Group's operations recommenced from 12 July 2021 onwards.

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

Looking ahead, the situation is starting to improve. Despite the disruptions and the fact that freight scheduling remains a challenge, we are striving to clear the delivery backlogs. New orders for our Air-care product range are starting to come in as restrictions on travel, leisure and social activities in North America and Europe are gradually being relaxed. Offices and businesses are also reopening but orders for Hygiene-care products such as sanitizers and soap dispensers has yet to pick up due to the inventory levels at the customers' warehouses.

Management believes that the underlying demand for its core products is healthy. Hence, the Group is continuing to invest in Research & Development ("R&D") and to strengthen its operations in order to remain agile and competitive. In view of the Group's competitive offering, the ongoing US-China trade war as well as the global economic recovery, management is cautiously optimistic of securing additional customers. The R&D Department is also working hard to develop new designs and products so as to cater for future customers and markets.

As at the date of this report, the expansion of the production floor and office block is 70% completed. Final completion has been deferred though by two months with completion now scheduled for December 2021. This is due to interruption arising from MCO 3.0 which prevented our contractors from carrying out work at the site.

#### 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 30.06.2021 RM'000	Corresponding preceding quarter ended 30.06.2020 RM'000	Current year-to-date ended 30.06.2021 RM'000	Corresponding preceding year-to-date ended 30.06.2020 RM'000
Tax based on results for the financial period/year: -				
- Current tax	(183)	1,321	1,370	2,500
- Deferred tax	56	(249)	393	(249)
	<u>(127)</u>	<u>1,072</u>	<u>1,763</u>	<u>2,251</u>
Tax provided in prior period/year: -				
- Current tax	(81)	(4)	(53)	(232)
- Deferred tax	(8)	-	(8)	-
	<u>(216)</u>	<u>1,068</u>	<u>1,702</u>	<u>2,019</u>

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

# **RGT BERHAD**

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### **18. STATUS OF CORPORATE PROPOSALS**

There are no corporate proposals announced or completed as at the date of the report except for the following which was announced during the year:

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 RGTSB to the following: -

- (i) RGTBHD had on the same date entered into a Share Sale Agreement ("supplemental SSA") with the remaining RGTSB's shareholders ("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 Holdings Sdn Bhd ("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 ("Proposed Exemption");
- (iii) A special issue of up to 147,860,000 new RGTBHD Shares to Bumiputera investors to be identified and/or approved by the MITI.

On 2 December 2020, the Company made an announcement the application in relation to the Proposals have been submitted to the Securities Commission Malaysia and MITI.

On 30 June 2021, the above submission to the SC in relation to the Proposed Acquisition and the Proposed Exemption has been withdrawn as the conditions precedent to the SSA and Supplemental SSA has not been fulfilled on its expiry date, which fell on 30 June 2021 ("SSA Expiry"). As both the Proposed Acquisition and the Proposed Exemption are inter-conditional with each other, both the Proposed Acquisition and the Proposed Exemption shall accordingly be rendered null and void.

The SSA Expiry will not have any material effect on the consolidated earnings, earning per share, net assets and gearing of the Company, and that RGTSB remains a 60%-owned subsidiary of RGTBHD.

For avoidance of doubt, the Proposed Special Issue remains valid and will continue to be undertaken by RGTBHD, to comply with the Bumiputera Equity Requirements. The Proposed Special Issue is currently pending the approval of the Equity Compliance Unit of the SC.

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#### 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 30 June 2021 is as follows: -

Purpose	Proposed utilisation RM'000	Actual utilisation as at 30.06.2021 RM'000	Balance as at 30.06.2021 RM'000	Intended timeframe for utilisation
Capital expenditure for capacity expansion purposes	20,000	17,558	2,442	Within 12 months from receipt of placement funds
Working capital requirements	3,327*	3,327	-	Within 12 months from receipt of placement funds
Expenses for the Private Placement	73	73	-	Immediate
	23,400	20,958	2,442	

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.

#### 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	1,258	2,304	3,562
- Term loans	2,436	15,411	17,847
	<u>3,694</u>	<u>17,715</u>	<u>21,409</u>

#### 21. DIVIDEND

On 15 July 2021, the Company declared a single tier interim dividend of 0.6 sen per ordinary share in respect of the financial year ending 30 June 2022 which was paid on 16 August 2021 to depositors whose names appeared in the Records of Depositors of the close of business on 2 August 2021.

The interim report does not reflect this dividend. Such dividend will be accounted for in equity as appropriation of retained profits in the quarter ending 30 September 2021.



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#### 22. CHANGES IN MATERIAL LITIGATION

As at 30 June 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.

#### 23. (LOSS)/EARNINGS PER SHARE

	Individual quarter		Cumulative period	
	Current quarter ended 30.06.2021 ('000)	Corresponding preceding quarter ended 30.06.2020 ('000)	Current year-to-date ended 30.06.2021 ('000)	Corresponding preceding year-to-date ended 30.06.2020 ('000)
(Loss)/Profit attributable to owners of the Company (RM)	<u>(1,361)</u>	<u>2,137</u>	<u>10,014</u>	<u>4,971</u>
Weighted average number of ordinary shares in issue	621,215	576,930	621,215	576,930
Number of shares under warrant deemed to have been issued for no consideration	113,749	87,199	121,593	65,400
Weighted average number of shares for computing diluted earnings per share	<u>734,964</u>	<u>664,129</u>	<u>742,808</u>	<u>642,330</u>
(Loss)/Earnings per share: -				
- Basic (sen)	<u>(0.22)</u>	<u>0.37</u>	<u>1.61</u>	<u>0.86</u>
- Diluted (sen)	<u>(0.22)</u>	<u>0.32</u>	<u>1.35</u>	<u>0.77</u>

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### 24. (Loss)/PROFIT BEFORE TAX

	Individual quarter		Cumulative period	
	Current quarter ended 30.06.2021 RM'000	Corresponding preceding quarter ended 30.06.2020 RM'000	Current year-to-date ended 30.06.2021 RM'000	Corresponding preceding year-to-date ended 30.06.2020 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting): -				
Depreciation of property, plant and equipment	953	675	3,470	2,763
Depreciation of right-of-use assets	412	247	1,546	957
Fair value (gain)/loss on financial instruments mandatorily measured at fair value through profit or loss	(300)	(242)	10	(16)
Gain on disposal of property, plant and equipment	-	(63)	(16)	(79)
(Gain)/Loss on foreign exchange: -				
- Realised	(181)	(103)	409	(246)
- Unrealised	353	359	(31)	134
Interest expense	173	6	432	236
Interest income	(232)	(172)	(638)	(821)
Inventories written down	74	221	657	221
Professional and disbursement for corporate exercise	456	422	456	422
Property, plant and equipment written off	3	1	3	3
Reversal of inventories written down	(11)	(76)	(367)	(156)

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.