



RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

**CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**
for the financial period ended 31 March 2022

RGT BERHAD

(Incorporated in Malaysia)

Registration No: 198101004909 (71024-T)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	3 months		9 months	
		Individual quarter		Cumulative period	
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		RM'000	RM'000	RM'000	RM'000
Revenue		40,190	32,290	85,735	119,411
Cost of goods sold		(29,835)	(24,661)	(63,540)	(87,404)
Gross profit		10,355	7,629	22,195	32,007
Interest income		52	203	335	406
Other income		229	212	469	521
Administrative and general expenses		(5,656)	(3,852)	(12,451)	(11,823)
Finance costs		(324)	(134)	(714)	(259)
Profit before tax	23	4,656	4,058	9,834	20,852
Tax (expense)/income	17	(435)	1,019	(1,378)	(1,918)
Profit for the financial period		4,221	5,077	8,456	18,934
Other comprehensive income for the financial period		-	-	-	-
Comprehensive income for the financial period		4,221	5,077	8,456	18,934
Profit for the financial period attributable to:-					
- Owners of the Company		4,212	3,025	6,846	11,375
- Non-controlling interests		9	2,052	1,610	7,559
		4,221	5,077	8,456	18,934
Comprehensive income for the financial period attributable to:-					
- Owners of the Company		4,212	3,025	6,846	11,375
- Non-controlling interests		9	2,052	1,610	7,559
		4,221	5,077	8,456	18,934
Earnings per share:-	22				
- Basic (sen)		0.56	0.46	0.91	1.74
- Diluted (sen)		0.49	0.40	0.80	1.49

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.

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Registration No: 198101004909 (71024-T)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	Note	As at 31.03.2022 (Unaudited) RM'000	As at 30.06.2021 (Audited) RM'000
NON-CURRENT ASSETS			
Property, plant and equipment		85,380	56,563
Right-of-use assets		22,871	17,783
Goodwill		34,433	17,147
Deferred tax assets		199	199
		<u>142,883</u>	<u>91,692</u>
CURRENT ASSETS			
Inventories		21,092	21,801
Receivables		23,464	6,504
Derivatives	13	7	-
Prepayments		5,890	3,381
Current tax assets		308	912
Cash and cash equivalents		30,517	56,105
		<u>81,278</u>	<u>88,703</u>
CURRENT LIABILITIES			
Payables		21,810	15,207
Loans and borrowings	19	12,651	2,436
Lease liabilities	19	1,099	1,258
Derivatives	13	11	7
Contract liabilities		-	569
		<u>35,571</u>	<u>19,477</u>
NET CURRENT ASSETS		45,707	69,226
NON-CURRENT LIABILITIES			
Loans and borrowings	19	32,996	15,411
Lease liabilities	19	2,041	2,304
Deferred tax liabilities		6,224	5,338
		<u>41,261</u>	<u>23,053</u>
NET ASSETS		147,329	137,865
EQUITY			
Share capital	5	167,265	78,148
Warrant reserve	5	5,825	7,006
(Accumulated Losses)/Retained profits		(33,518)	17,124
Equity attributable to owners of the Company		<u>139,572</u>	<u>102,278</u>
Non-controlling interests		7,757	35,587
TOTAL EQUITY		147,329	137,865
Net assets per ordinary share attributable to owners of the Company (sen)		<u>14.79</u>	<u>15.67</u>

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

(THE FIGURES HAVE NOT BEEN AUDITED)

	<u>Non-distributable</u>	<u>Distributable</u>				
	<u>Share capital</u>	<u>Warrant reserve</u>	<u>Retained profits/ (Accumulated Losses)</u>	<u>Equity attributable to owners of the Company</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Balance at 1 July 2021	78,148	7,006	17,124	102,278	35,587	137,865
Issue of shares pursuant to exercise of warrants	3,517	(1,181)	-	2,336	-	2,336
Issue of shares pursuant to acquisition of subsidiary	85,600	-	-	85,600	-	85,600
Issue of shares to non-controlling interests	-	-	-	-	3,900	3,900
Interim single tier dividend of 0.6 sen per share	-	-	(3,918)	(3,918)	-	(3,918)
Dividends to non-controlling interests	-	-	-	-	(4,000)	(4,000)
Total transaction with owners	89,117	(1,181)	(3,918)	84,018	(100)	83,918
Acquisition of subsidiaries	-	-	-	-	2,690	2,690
Change in ownership interest in subsidiary	-	-	(53,570)	(53,570)	(32,030)	(85,600)
Profit (representing comprehensive income) for the financial period	-	-	6,846	6,846	1,610	8,456
Balance at 31 March 2022	<u>167,265</u>	<u>5,825</u>	<u>(33,518)</u>	<u>139,572</u>	<u>7,757</u>	<u>147,329</u>
Balance at 1 July 2020	49,352	8,818	7,110	65,280	28,496	93,776
Issue of shares pursuant to private placements	23,400	-	-	23,400	-	23,400
Issue of shares pursuant to exercise of 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>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	31.03.2022 RM'000	31.03.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		9,834	20,852
Adjustments for:-			
Depreciation of property, plant and equipment		3,053	2,517
Depreciation of right-of-use assets		1,336	1,134
Gain on disposal of property, plant and equipment		(7)	(16)
Interest expense		714	259
Interest income		(335)	(406)
Inventories written down		-	583
Property, plant and equipment written off		61	-
Reversal of inventories written down		(77)	(356)
Unrealised gain on foreign exchange		(125)	(384)
Unrealised loss on derivatives		4	307
Operating profit before working capital changes		<u>14,458</u>	<u>24,490</u>
Changes in:-			
Inventories		5,743	(3,965)
Receivables and prepayments		(14,055)	(3,311)
Payables and contract liabilities		(1,807)	(6,308)
Derivatives		(7)	3
Cash generated from operations		<u>4,332</u>	<u>10,909</u>
Tax paid		<u>(2,211)</u>	<u>(2,209)</u>
Net cash from operating activities		<u>2,121</u>	<u>8,700</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary	A	(20,587)	-
Acquisition of property, plant and equipment		(25,393)	(22,365)
Acquisition of right-of-use assets		(5,656)	(3,603)
Interest received		335	406
Proceeds from disposal of property, plant and equipment		7	20
Net cash used in investing activities		<u>(51,294)</u>	<u>(25,542)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to owners of the Company		(3,918)	-
Dividends paid to non-controlling interests		(4,000)	-
Drawdown of loans and borrowings		34,213	18,173
Interest paid		(714)	(259)
Issue of shares to non-controlling interests		3,900	-
Issue of shares pursuant to exercise of warrants		2,336	3,515
Issue of shares pursuant to private placement		-	23,400
Payment of lease liabilities		(1,056)	(1,751)
Placement of cash and cash equivalents pledged as security (net)		(50)	(41)
Repayment of loans and borrowings		<u>(8,708)</u>	<u>(4,096)</u>
Net cash from financing activities		<u>22,003</u>	<u>38,941</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022 (CONT'D)

(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	31.03.2022 RM'000	31.03.2021 RM'000
Currency translation differences		9	44
Net (decrease)/increase in cash and cash equivalents		(27,161)	22,143
Cash and cash equivalents brought forward		52,868	28,843
Cash and cash equivalents carried forward		<u>25,707</u>	<u>50,986</u>
Analysis of cash and cash equivalents:-			
- Highly liquid investments		18,966	34,762
- Term deposits		4,109	3,225
- Cash and bank balances		<u>7,442</u>	<u>16,585</u>
		30,517	54,572
Less:			
- Cash and cash equivalents pledged		(4,109)	(3,225)
- Bank overdraft		<u>(701)</u>	<u>(361)</u>
		<u>25,707</u>	<u>50,986</u>
Note A :-			
Purchase consideration for acquisition of a subsidiary		23,800	-
Cash and cash equivalent acquired, net of those pledged		<u>(3,213)</u>	-
Acquisition of subsidiary, net of cash acquired		<u>20,587</u>	-

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

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

1. BASIS OF PREPARATION

The interim financial report has 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

This interim financial report should be read in conjunction with the audited financial statements of RGT Berhad ("the Company or "RGTBHD") and its subsidiaries ("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
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

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

1. BASIS OF PREPARATION (CONT'D)

<u>MFRS (Issued as at the end of the reporting period)</u>	Effective for annual periods beginning on or after
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

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 period or changes in estimates of amounts reported in prior financial period.

5. DEBT AND EQUITY SECURITIES

As at the quarter ended 31 March 2022, a total of 290,859,000 new ordinary shares ("Shares") were issued and allotted pursuant to exercise of the warrants 2018/2023 ("Warrants"). Details of the changes to 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 1 July 2021	652,767,856	78,148
Issue of shares pursuant to exercise of warrants	23,359,000	3,517
Issue of shares pursuant to acquisition of subsidiary	267,500,000	85,600
As at 31 March 2022	<u>943,626,856</u>	<u>167,265</u>

Warrant

	<u>No. of Warrants</u>	<u>RM'000</u>
As at 1 July 2021	138,561,224	7,006
Exercised	<u>(23,359,000)</u>	<u>(1,181)</u>
As at 31 March 2022	<u>115,202,224</u>	<u>5,825</u>

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

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

6. DIVIDEND PAID

No dividend was paid during the current interim period.

7. SEGMENTAL INFORMATION

Operating Segments

The Group has two reportable segments which comprised its major business segments. These segments and the nature of their activities are as tabulated:

- i. Original Design Manufacturer (“ODM”) - Design, manufacture and sale of precision plastic moulded parts including full assembly and related accessories
- ii. Automation and Precision Engineering (“APE”) - Design, manufacture and sale of automated machinery, high precision parts and related accessories

9 months ended 31 March 2022

	ODM RM'000	APE RM'000	Adjustment RM'000	Total RM'000
External revenue	<u>71,075</u>	<u>14,664</u>	<u>(4)</u>	<u>85,735</u>
Profit before tax	<u>9,738</u>	<u>1,653</u>	<u>(1,557)*</u>	<u>9,834</u>
Segment assets	<u>158,466</u>	<u>28,099</u>	<u>37,596</u>	<u>224,161</u>
Segment liabilities	<u>68,169</u>	<u>7,080</u>	<u>1,583</u>	<u>76,832</u>

* Comprises net foreign exchange differences, interest income, dividend income, eliminations and adjustments.

9 months ended 31 March 2021

	ODM RM'000	APE RM'000	Adjustment RM'000s	Total RM'000
External revenue	<u>119,411</u>	<u>N/A</u>	<u>-</u>	<u>119,411</u>
Profit before tax	<u>21,224</u>	<u>N/A</u>	<u>(372)*</u>	<u>20,852</u>
Segment assets	<u>135,550</u>	<u>N/A</u>	<u>43,516</u>	<u>179,066</u>
Segment liabilities	<u>40,259</u>	<u>N/A</u>	<u>(818)</u>	<u>39,441</u>

* Comprises net foreign exchange differences, interest income, dividend income, eliminations and adjustments.

No other operating segments have been aggregated to form the above reportable segments. Investment holding and other activities are not considered as reporting segment and the related financial information has been included under “Adjustment”.

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

7. SEGMENTAL INFORMATION (CONT'D)

Geographical Information

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

	3 months		9 months	
	Individual quarter		Cumulative period	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
United States of America	24,590	19,440	47,613	82,517
Europe ¹	4,534	9,528	13,170	26,711
Malaysia	4,768	2,217	15,332	7,806
Thailand	4,910	0	6,189	13
Others ²	1,388	1,105	3,431	2,364
	<u>40,190</u>	<u>32,290</u>	<u>85,735</u>	<u>119,411</u>

Notes: -

¹ Comprise countries such as Netherlands, Switzerland and United Kingdom

² Comprise countries such as Canada, China, Philippines and Singapore

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: -

	31.03.2022
	RM'000
Acquisition of property, plant and equipment	<u>14,093</u>

As at 31 March 2022, the Group's capital commitment mainly comprises expansion of production floor and office block for Rapid Growth Technology Sdn. Bhd. ("RGTSB"), renovation on newly acquired factory building by RGT Industries Sdn. Bhd. ("RISB"), acquisition of machineries by Top Degree (M) Sdn. Bhd. ("TDSB") and acquisition of double storey detached light industrial by Keenness Precision Engineering Sdn. Bhd. ("KPSB").

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EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2022

9. CHANGES IN COMPOSITION

On 3 January 2022, the Company announced the completion of acquisition of KPSB for cash consideration of RM9,800,000. KPSB is now a 70% owned subsidiary of the Company.

On 25 January 2022, the Company announced the completion of the remaining 40% equity acquisition of RGTSB for share consideration of RM85,600,000. RGTSB is now a wholly owned subsidiary of the Company.

Other than the above, there were no other major changes in the composition of the Group during the period ended 31 March 2022.

10. CONTINGENCIES

There were no significant changes in contingent assets or liabilities since 31 March 2022.

11. SUBSEQUENT EVENT

On 28 April 2022, the Company announced and completed the acquisition of 30% equity interest in RISB, representing 300,000 ordinary shares for a cash consideration of RM4,500,000.

Save for the above, there are no other material event subsequent to 31 March 2022 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

31.03.2022
RM'000

Forward exchange contracts – at fair value

- Current assets

7

- Current liabilities

11

Forward exchange contracts are used to hedge the exposure to currency risk. The Group does not apply hedge accounting. As at 31 March 2022, the Group had contracts with financial institutions due within 1 year to buy RM8,203,000 and sell USD1,950,000 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 PERIOD ENDED 31 MARCH 2022

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 PERIOD ENDED 31 MARCH 2022

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

14. REVIEW OF PERFORMANCE

Current Quarter (Q3'22) vs Preceding Year Corresponding Quarter (Q3'21) / Current Cumulative Period (9M YTD'22) vs Preceding Year Cumulative Period (9M YTD'21)

	3 months Individual Quarter				9 months Cumulative Period			
	31.03.2022 RM'000	31.03.2021 RM'000	Variance RM'000	%	31.03.2022 RM'000	31.03.2021 RM'000	Variance RM'000	%
Revenue	40,190	32,290	7,900	24%	85,735	119,411	(33,676)	-28%
Profit before tax	4,656	4,058	598	15%	9,834	20,852	(11,018)	-53%
Profit for the financial period	4,221	5,077	(856)	-17%	8,456	18,934	(10,478)	-55%
Profit attributable to owners of the Company	4,212	3,025	1,187	39%	6,846	11,375	(4,529)	-40%

With increased demand for hygiene care, air care products and inclusion of the APE companies' revenue, the Group manage to record a revenue of RM40.19 million, an increase of RM7.90 million higher than RM32.29 million reported for Q3'21.

The Group's 9 months cumulative revenue of RM85.74 million experienced a decrease of 28% year-on-year ("YoY") when compared to 9M YTD'21. This decrease was primarily due to,
(i) Record demand for hygiene care products in US and Europe last financial year, and
(ii) A slowdown in demand this financial year mainly caused by our customer's overstocking and logistic issues.

The Administrative and General Expenses for this quarter is higher at RM5.66 million compared to the previous quarter of RM3.85 million as there was a one-time expense of RM0.80 million being professional fees charged out due to the completion of the acquisition for the remaining 40% equity interest in RGTSB on 25 January 2022. This one-time expense has also increased the 9M YTD'22 to RM12.45 million from RM11.82 million previously.

Current Quarter (Q3'22) vs Immediate Preceding Quarter (Q2'22)

	31.03.2022 RM'000	31.12.2021 RM'000	Variance RM'000	%
Revenue	40,190	26,192	13,998	53%
Profit before tax	4,656	3,084	1,572	51%
Profit for the financial period	4,221	2,453	1,768	72%
Profit attributable to owners of the Company	4,212	1,501	2,711	181%

The Group enjoyed quarter-on-quarter ("QoQ") revenue growth of 53% (which reached RM40.19 million) when compared to Q2'22 of RM26.19 million. This is mainly due to increase in demand for hygiene care, air care products and inclusion of APE segment results. Consistent with the revenue growth, Q3'22 PBT also rose 51% QoQ to RM4.66 million.

The Group's core ODM business continues to perform strongly, contributing 81% of total revenue while TDSB and KPSB contributed the remaining 19%. Profit attributable to the owners of the Company rose to RM4.21 million from RM1.50 million after the completion of the acquisition for the remaining 40% equity interest in RGTSB in this quarter.

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15. COMMENTARY ON PROSPECT

The global supply chain is still facing challenges amidst some progress made towards normalisation. The COVID-19 pandemic is still evolving. Whilst some countries are transiting into endemic phase from the pandemic phase, the fluid situation remains a concern given the risk of emergence of new variants. Meanwhile, regulatory responses could still impact the economy. In addition, the recent Russia/Ukraine conflict could also have a negative impact on the Global economy.

Nevertheless, the situation is starting to improve and management believes that the underlying demand for its core products across the segments are healthy.

Original Design Manufacturer (“ODM”) *

Countries are transiting from pandemic phase to endemic phase. International borders are re-opening and countries are relaxing or removing their COVID-19 controls. As a results, orders for hygiene care and air care products have increased, possibly because the COVID-19 pandemic has raised the awareness and need for better hygiene. This augurs well for the long term demand for our hygiene care products.

Meanwhile, the Group's precision spray painting and printing subsidiary has received more orders from external customers especially from the Consumer Electronics industry. This drives expansion for a new facility with an advanced robotic spray painting system in a cleanroom environment. The new robotic spray painting system will be able to achieve smoother, more consistent finishing while significantly reducing production time and wastages. The facility has commenced operations.

Automation and Precision Engineering (“APE”) *

Management is focused on expanding the APE segment further in light of the current global economic recovery, the US-China trade war and opportunities arising from multinationals seeking to strengthen their global supply chain by diversifying into South East Asia.

** Please refer to Note 7 for the definition of ODM and APE segment.*

16. PROFIT FORECAST

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

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17. TAX EXPENSE/ (INCOME)

	3 months		9 months	
	Individual quarter		Cumulative period	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Tax based on results for the financial period: -				
- Current tax	603	(1,047)	1,547	1,553
- Deferred tax	(62)	-	(63)	337
	<u>541</u>	<u>(1,047)</u>	<u>1,484</u>	<u>1,890</u>
Tax underprovided in prior period: -				
- Current tax	(106)	-	(106)	-
- Deferred tax	-	28	-	28
	<u>435</u>	<u>(1,019)</u>	<u>1,378</u>	<u>1,918</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 corporate proposals announced or completed as at the date of the report except for the following which has been completed on 25 January 2022:

On 6 September 2021, the Company announced to undertake the following: -

- The Company had entered into a Share Sale Agreement ("SSA") dated 6 September 2021 with Hor Lim Chee, Ng Choon Keat, Tan Song Chai, Datuk Lim Seat Hoe and Tan Ann Chee ("Vendors") for the acquisition of the remaining 6,000,000 ordinary shares in RGTSB, representing 40% equity interest in RGTSB, for a purchase consideration of RM85,600,000 to be satisfied entirely via issuance of 267,500,000 Consideration Shares at an issue price of RM0.32 per Consideration Share to RGT Equity, subject to the terms and conditions contained in the SSA ("Proposed Acquisition"); and
- An exemption to the Vendors, RGT Equity and persons acting in concert with them from the obligation to undertake a mandatory take-over offer for all the remaining Shares and Warrants in Company not already held by them pursuant to the Proposed Acquisition under Paragraph 4.08(1) of the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("Proposed Exemption").

On 20 September 2021, the Company announced that the listing application in relation to the Proposed Acquisition and the proposed special issue of up to 147,860,000 new Shares to Bumiputera Investors to be identified and/ or approved by the Ministry of International Trade and Industry ("Proposed Special Issue") (hereinafter to be collectively known as "Proposals") were to the Bursa Securities.

On 3 November 2021, the Company announced that this Proposals has been voluntarily withdrawn the voluntary withdrawal of these Proposals and the re-submission of the listing application in relation to the Proposed Acquisition. The said listing application was approved by Bursa Securities on 30 November 2021.

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18. STATUS OF CORPORATE PROPOSALS (CONT'D)

On 6 January 2022, at the Extraordinary General Meeting, the shareholders of the Company approved the Proposed Acquisition and Proposed Exemption with the latter subject to the receipt of approval from the Securities Commission Malaysia. The said approval was granted on 10 January 2022.

On 21 January 2022, 267,500,000 Consideration Shares were issued and allotted following fulfilment of all conditions precedent pursuant to the SSA. The listing of the Consideration Shares on 25 January 2022 marked the completion of the Proposed Acquisition.

Details are contained in earlier announcements made on 18 September 2020, 30 September 2020, 2 December 2020, 30 June 2021, 6 September 2021, 20 September 2021, 3 November 2021, 1 December 2021, 6 January 2022, 11 January 2022 and 24 January 2022.

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	1,099	2,041	3,140
- Term loans	4,856	32,996	37,852
Unsecured			
- Banker acceptance	1,094	-	1,094
- Bank overdraft	701	-	701
- Revolving credit	6,000	-	6,000
	<u>13,750</u>	<u>35,037</u>	<u>48,787</u>

20. DIVIDEND

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

21. CHANGES IN MATERIAL LITIGATION

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

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22. EARNINGS PER SHARE

	3 months		9 months	
	Individual quarter		Cumulative period	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	('000)	('000)	('000)	('000)
Profit attributable to owners of the Company (RM)	<u>4,212</u>	<u>3,025</u>	<u>6,846</u>	<u>11,375</u>
Weighted average number of ordinary shares in issue	756,110	652,075	756,110	652,075
Number of shares under warrant deemed to have been issued for no consideration	98,992	111,117	98,110	112,204
Weighted average number of shares for computing diluted earnings per share	<u>855,102</u>	<u>763,192</u>	<u>854,220</u>	<u>764,279</u>
Earnings per share: -				
- Basic (sen)	<u>0.56</u>	<u>0.46</u>	<u>0.91</u>	<u>1.74</u>
- Diluted (sen)	<u>0.49</u>	<u>0.40</u>	<u>0.80</u>	<u>1.49</u>

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23. PROFIT BEFORE TAX

	3 months		9 months	
	Individual quarter		Cumulative period	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting): -				
Depreciation of property, plant and equipment	1,101	926	3,053	2,517
Depreciation of right-of-use assets	468	429	1,336	1,134
Fair value loss/(gain) on financial instruments mandatorily measured at fair value through profit or loss	64	488	(3)	310
Gain on disposal of property, plant and equipment	(7)	(16)	(7)	(16)
(Gain)/Loss on foreign exchange: -				
- Realised	(155)	238	(319)	590
- Unrealised	(175)	(715)	(125)	(384)
Interest expense	324	134	714	259
Interest income	(52)	(203)	(335)	(406)
Inventory written down	-	356	-	583
Property, plant and equipment written off	-	-	61	-
Reversal of inventories written down	-	(356)	(77)	(356)

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.