



RADIANT GLOBALTECH BERHAD

(Registration No.: 200301018877 (621297-A))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2020

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**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER
2020⁽¹⁾**

	UNAUDITED CURRENT YEAR QUARTER 30.09.20 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30.09.19 RM'000	UNAUDITED CURRENT YEAR TO DATE 30.09.20 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30.09.19 RM'000
Revenue	14,500	21,870	41,039	51,941
Cost of sales	(7,723)	(12,493)	(21,726)	(28,610)
Gross profit	6,777	9,377	19,313	23,331
Other income	361	218	1,737	999
	7,138	9,595	21,050	24,330
Selling and distribution expenses	(182)	(442)	(620)	(962)
Administrative expenses	(1,160)	(1,239)	(3,366)	(3,595)
Staff costs	(5,479)	(4,746)	(16,177)	(13,792)
Other expenses	(473)	(337)	(1,452)	(940)
Finance costs	(25)	(40)	(113)	(139)
Net reversal / (impairment) on financial assets	203	1	(263)	(55)
Profit / (Loss) before taxation	22	2,792	(941)	4,847
Income tax expense	(173)	(786)	(349)	(1,010)
(Loss) / Profit after taxation	(151)	2,006	(1,290)	3,837
Other comprehensive (loss) / income, net of tax				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	(74)	16	(23)	16
Total comprehensive (loss) / income for the financial period	(225)	2,022	(1,313)	3,853
(LOSS) / PROFIT AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	119	1,727	(367)	3,534
Non-controlling interest	(270)	279	(923)	303
	(151)	2,006	(1,290)	3,837

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER
2020⁽¹⁾ (CONT'D)**

	UNAUDITED CURRENT YEAR QUARTER 30.09.20 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30.09.19 RM'000	UNAUDITED CURRENT YEAR TO DATE 30.09.20 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30.09.19 RM'000
TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO:-				
Owners of the Company	62	1,743	(368)	3,550
Non-controlling interest	(287)	279	(945)	303
	<u>(225)</u>	<u>2,022</u>	<u>(1,313)</u>	<u>3,853</u>
Earnings / (Loss) per share attributable to owners of the Company:-				
- Basic (Sen)	0.02 ⁽²⁾	0.33	(0.07) ⁽²⁾	0.67
- Diluted (Sen)	<u>0.02⁽²⁾</u>	<u>0.33</u>	<u>(0.07)⁽²⁾</u>	<u>0.67</u>

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) The basic earnings / (loss) per share is computed based on (loss) / profit after taxation attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue as at 30 September 2020. The diluted earnings / (loss) per share is equivalent to the basic earnings per share as the Company does not have any convertible securities outstanding.

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER
2020⁽¹⁾**

	Unaudited 30.09.20 RM'000	Audited 31.12.19 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,546	1,097
Intangible assets	2,334	2,304
Right of use assets	11,084	11,500
Deferred tax assets	1,018	925
	<u>15,982</u>	<u>15,826</u>
CURRENT ASSETS		
Inventories	8,366	5,642
Trade receivables	18,729	31,057
Other receivables, deposits and prepayments	5,109	3,128
Current tax assets	3,042	1,680
Short-term investments	16,963	2,089
Fixed deposits with licensed banks	9,582	18,789
Cash and bank balances	10,270	18,531
	<u>72,061</u>	<u>80,916</u>
TOTAL ASSETS	<u>88,043</u>	<u>96,742</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,153	48,153
Merger deficit	(13,681)	(13,681)
Foreign exchange translation reserve	(246)	(245)
Retained profits	29,087	29,454
Shareholders' fund	<u>63,313</u>	<u>63,681</u>
Non-controlling interests	677	885
TOTAL EQUITY	<u>63,990</u>	<u>64,566</u>
NON-CURRENT LIABILITIES		
Lease liabilities	242	392
Term loans	181	759
Deferred revenue	357	475
Deferred tax liabilities	13	112
	<u>793</u>	<u>1,738</u>
CURRENT LIABILITIES		
Trade payables	7,560	16,554
Other payables and accruals	12,179	12,539
Amount owing to a related party	1,962	4
Amount owing to directors	90	106
Lease liabilities	370	440
Term loans	715	641
Current tax liabilities	384	154
	<u>23,260</u>	<u>30,438</u>
TOTAL LIABILITIES	<u>24,053</u>	<u>32,176</u>
TOTAL EQUITY AND LIABILITIES	<u>88,043</u>	<u>96,742</u>

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER
2020⁽¹⁾ (CONT'D)**

	Unaudited 30.09.20	Audited 31.12.19
Number of issued shares ('000)	525,200	525,200
Net assets per ordinary share attributable to owners of the Company (Sen)	<u>12.06</u>	<u>12.13</u>

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

	<---- Non-Distributable ---->			Distributable	Attributable to Owners of the Company	Non-controlling interest	Total Equity
	Share Capital	Merger Deficit	Foreign Exchange Translation Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1.1.19	48,153	(13,681)	(234)	24,383	58,621	-	58,621
Profit after taxation	-	-	-	5,596	5,596	285	5,881
Other comprehensive income for the financial year:							
- Foreign currency translation differences	-	-	(11)	-	(11)	-	(11)
Total comprehensive income for the financial year	-	-	(11)	5,596	5,585	285	5,870
Distribution to owners of the Company:							
- Dividends	-	-	-	(525)	(525)	-	(525)
Non-controlling interest on acquisition of a subsidiary company	-	-	-	-	-	600	600
Balance as at 31.12.19 (Audited)	48,153	(13,681)	(245)	29,454	63,681	885	64,566
Balance as at 1.1.20	48,153	(13,681)	(245)	29,454	63,681	885	64,566
Loss after taxation	-	-	-	(367)	(367)	(923)	(1,290)
Other comprehensive loss for the financial period:							
- Foreign currency translation differences	-	-	(1)	-	(1)	(22)	(23)
Total comprehensive loss for the financial period	-	-	(1)	(367)	(368)	(945)	(1,313)
Non-controlling interests on incorporation of subsidiary companies	-	-	-	-	-	737	737
Balance as at 30.09.20 (Unaudited)	48,153	(13,681)	(246)	29,087	63,313	677	63,990



RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))

**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2020⁽¹⁾
(CONT'D)**

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER AND YEAR-
TO-DATE ENDED 30 SEPTEMBER 2020⁽¹⁾**

	CURRENT YEAR TO DATE 30.09.20 RM'000	PRECEDING YEAR TO DATE 30.09.19 RM'000
CASH FLOWS (FOR) / FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(941)	4,847
Adjustments for:		
Amortisation of intangible assets	524	195
Depreciation of property, plant and equipment	310	503
Depreciation of right-of-use assets	543	123
Gain on disposal of an associate	-	(298)
Interest income	(517)	(658)
Interest expenses	113	139
Impairment losses on trade receivables	643	89
Unrealised losses on foreign exchange	26	96
Reversal of impairment losses on trade receivables	(380)	(34)
Operating profit before working capital changes	321	5,002
Increase in inventories	(2,725)	(928)
Decrease / (Increase) in trade and other receivables	10,085	(5,143)
(Decrease) / Increase in trade and other payables	(8,912)	7,663
Decrease in amount owing by a related party	-	187
Increase / (Decrease) in amount owing to a related party	1,370	(12)
CASH FROM OPERATIONS	139	6,769
Income tax paid	(1,673)	(1,240)
Interest paid	(113)	(139)
NET CASH (FOR) / FROM OPERATING ACTIVITIES	(1,647)	5,390
CASH FLOWS FROM / (FOR) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(25)	(131)
Purchase of right-of-use assets	(127)	-
Interest received	517	658
Decrease in fixed deposits with tenure more than 3 months	2,957	-
Acquisition of subsidiaries, net of cash	-	(2,047)
Disposal of an associate, net of cash	-	500
NET CASH FROM / (FOR) INVESTING ACTIVITIES	3,322	(1,020)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment to directors	(16)	-
Dividend paid	(525)	-
Net changes of banker's acceptance	-	421
Repayment of term loans	(504)	(448)
Repayment of lease liabilities	(221)	(248)
NET CASH FOR FINANCING ACTIVITIES	(1,266)	(275)

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER AND YEAR-
TO-DATE ENDED 30 SEPTEMBER 2020⁽¹⁾ (CONT'D)**

	CURRENT YEAR TO DATE 30.09.20 RM'000	PRECEDING YEAR TO DATE 30.09.19 RM'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	409	4,095
EFFECT OF FOREIGN EXCHANGE TRANSLATION	(47)	(29)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	26,871	24,192
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>27,233</u>	<u>28,258</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISES:		
Short-term investments	16,963	2,072
Cash and bank balances	10,270	18,549
Fixed deposits with licensed banks	9,582	19,079
	<u>36,815</u>	<u>39,700</u>
Less: Fixed deposits pledged to licensed banks	(459)	(442)
Fixed deposits with tenure of more than 3 months	<u>(9,123)</u>	<u>(11,000)</u>
	<u>27,233</u>	<u>28,258</u>

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended ("FYE") 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2020

A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting, International Financial Reporting Standards (“IFRS”) 34, Interim Financial Reporting and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended (“FYE”) 31 December 2019. These explanatory notes attached to the interim financial report provide explanations of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the FYE 31 December 2019.

A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this interim financial report is consistent with those adopted in the audited financial statements for FYE 31 December 2019 except for the adoption of the following MFRS and Amendments to MFRS which came into effect for annual periods beginning on or after 1 January 2020 and are applicable for the Group’s interim financial report for the quarter and year-to-date ended 30 September 2020, as disclosed below:

MFRSs and/or IC Interpretations (including the Consequential Amendments)

- Amendments to MFRS 3: Definition of a Business
- Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- Amendments to MFRS 101 and MFRS 108: Definition of Material
- Amendment to References to the Conceptual Framework in MFRS Standards

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) do not have any material impact on the financial performance and position of the Group upon their initial application.

The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the current financial period ended 30 September 2020:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods on or after
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 101: Classification of liabilities as current or non-current	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is not expected to have a material impact on the financial statements of the Group upon their initial application.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2019.

A4. Seasonal or Cyclical Factors

The business operations of the Group during the current financial quarter under review were not materially affected by any seasonal or cyclical factors.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items for the current financial quarter under review.

A6. Changes in Estimates

There were no material changes in estimates for the current financial quarter under review.

A7. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial quarter under review.

A8. Dividends Paid

There was no payment of dividend during the current financial quarter under review.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2020 (CONT'D)

A9. Segmental Reporting

The Group's operating segments information are as follows:-

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
Current year quarter ended 30 September 2020			
Revenue			
External revenue	11,358	3,142	14,500
Inter-segment revenue	75	86	161
	<u>11,433</u>	<u>3,228</u>	<u>14,661</u>
Consolidation adjustments			(161)
Consolidated revenue			<u>14,500</u>
Results			
Segmental profit / (loss) before interest and taxation	420	(517)	(97)
Interest income			144
Finance costs			(25)
Consolidated profit before taxation			22
Income tax expense			(173)
Consolidated loss after taxation			<u>(151)</u>
Preceding year quarter ended 30 September 2019			
Revenue			
External revenue	16,016	5,854	21,870
Inter-segment revenue	95	394	489
	<u>16,111</u>	<u>6,248</u>	<u>22,359</u>
Consolidation adjustments			(489)
Consolidated revenue			<u>21,870</u>
Results			
Segmental profit before interest and taxation	801	1,814	2,615
Interest income			217
Finance costs			(40)
Consolidated profit before taxation			2,792
Income tax expense			(786)
Consolidated profit after taxation			<u>2,006</u>

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2020 (CONT'D)

A9. Segmental Reporting (Cont'd)

The Group's operating segments information are as follows:-

	Hardware and Maintenance RM'000	Software RM'000	Group RM'000
Current year to date ended 30 September 2020			
Revenue			
External revenue	32,712	8,327	41,039
Inter-segment revenue	284	159	443
	<u>32,996</u>	<u>8,486</u>	<u>41,482</u>
Consolidation adjustments			(443)
Consolidated revenue			<u>41,039</u>
Results			
Segmental loss before interest and taxation	(173)	(1,172)	(1,345)
Interest income			517
Finance costs			(113)
Consolidated loss before taxation			(941)
Income tax expense			(349)
Consolidated loss after taxation			<u>(1,290)</u>
Preceding year to date ended 30 September 2019			
Revenue			
External revenue	40,466	11,475	51,941
Inter-segment revenue	231	609	840
	<u>40,697</u>	<u>12,084</u>	<u>52,781</u>
Consolidation adjustments			(840)
Consolidated revenue			<u>51,941</u>
Results			
Segmental profit before interest and taxation	1,545	2,783	4,328
Interest income			658
Finance costs			(139)
Consolidated profit before taxation			4,847
Income tax expense			(1,010)
Consolidated profit after taxation			<u>3,837</u>

A10. Significant Events Subsequent to the End of the Interim Financial Period

- a. On 4 November 2020, the Company's wholly owned subsidiary, Infoconnect Commerce Sdn. Bhd. incorporated a 70%-owned subsidiary, RG Gateway Sdn. Bhd., for a total cash consideration of RM1,000.
- b. On 23 October 2020, the Company held an Extraordinary General Meeting ("EGM") for the purpose of considering and, if thought fit, passing the following resolutions:
 - (1) Proposed acquisition of 80% equity interest in Grand-Flo Spritvest Sdn. Bhd. ("GF Spritvest"), comprising 800,000 ordinary shares in GF Spritvest currently held by Grand-Flo Berhad, for a total cash consideration of RM11,600,000 ("Proposed Acquisition");
 - (2) Proposed variation to the utilisation of proceeds of RM11,480,000 raised from Radiant Globaltech Berhad's initial public offering ("IPO") which was completed on 24 July 2018 to part-finance the Proposed Acquisition ("Proposed Variation").

The Proposed Acquisition and Proposed Variation were duly passed by the shareholders of the Company by way of poll via remote participation and voting at the EGM of the Company.

A11. Changes in the Composition of the Group

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

A12. Fair Value of Financial Instruments

There were no gain or losses arising from fair value changes for all financial assets and liabilities for the current financial quarter under review.

A13. Capital Commitments

There were no capital commitments for the current financial quarter under review.

A14. Contingent Liabilities

The Group has no contingent liabilities as at the date of this report.

A15. Related Party Transactions

During the current financial quarter, the Board of Directors is of the opinion that there were no material related party transactions which would have a significant impact on the financial position and business of the Group.

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1. Review of Group Performance**For the quarter ended 30 September 2020 (3Q20)

For the third quarter ended 30 September 2020 (3Q20), the Group reported 33.70% weaker revenue of RM14.50 million from RM21.87 million in the preceding year corresponding quarter ended 30 September 2019 (3Q19).

RM11.36 million or 78.34% of the revenue in 3Q20 was contributed by the Hardware and Maintenance segment, while the remaining RM3.14 million or 21.66% was derived from the Software segment.

As a comparison, RM16.02 million or 73.25% of the Group's revenue in 3Q19 was derived from the Hardware and Maintenance segment, while the remaining RM5.85 million or 26.75% was from the Software Segment.

The Group recorded 27.72% lower gross profit to RM6.78 million in 3Q20 from RM9.38 million in 3Q19. It was mainly due to the decrease in revenue contribution from its Hardware and Maintenance segment as orders and projects were deferred. While decrease in revenue contribution from Software segment mainly due to fewer implementation of new software projects as well as several delays in project completions due to changing of customer requirements. However, this was partially offset by higher revenue contribution from our in-house software portals. The Group's business has gradually recovered after gradual loosening of the Movement Control Order ("MCO") conditions by the Malaysian Government. The Group overall gross profit margin increased to 46.76% in 3Q20 from 42.89% in 3Q19. The increase in gross profit margin was mainly contributed by the Hardware and Maintenance segment.

The Group recorded profit before taxation of RM0.02 million in 3Q20 as compared to a profit before taxation of RM2.79 million in 3Q19 mainly due to fact that the gross profit generated was insufficient to compensate the expenses incurred such as staff costs and other operating expenses. The profit before taxation in 3Q20 also included business losses attributable to a subsidiary in Thailand which amounted to RM0.36 million in the Hardware and Maintenance segment.

For the nine months ended 30 September 2020 (3CQ20)

For 3CQ20, the Group reported 20.99% lower revenue of RM41.04 million from RM51.94 million in the previous corresponding nine months ended 30 September 2019 (3CQ19).

RM32.71 million or 79.70% of the revenue in 3CQ20 was contributed by Hardware and Maintenance segment, while the balance RM8.33 million or 20.30% was derived from the Software segment.

As a comparison, RM40.47 million or 77.92% of the Group's revenue in 3CQ19 was derived from Hardware and Maintenance segment, while the balance of RM11.47 or 22.08% was from Software segment.

The Group recorded 17.23% lower gross profit to RM19.31 million in 3CQ20 from RM23.33 million in 3CQ19. It was mainly due to the Covid-19 pandemic and implementation of the MCO, the conditions of which were gradually loosened by the Malaysian Government. The overall gross profit margin increased to 47.05% in 3CQ20 from 44.92% in 3CQ19. The increase in gross profit margin was contributed mainly from by the Hardware segment which projects delivered carried higher gross profit margins.

The Group recorded a loss before taxation of RM0.94 million in 3CQ20 as compared to a profit before taxation of RM4.85 million in 3CQ19. This loss occurred mainly because the increase in gross profit margins generated was insufficient to compensate the Group expenses as the Group saw an increase in staff costs and other operating expenses arising from its expansion plans. Also, business losses attributable to a subsidiary in Thailand which amounted to RM1.36 million in the Hardware and Maintenance segment contributed to the loss before taxation incurred.

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B2. Comparison with Immediate Preceding Quarter Results

	Quarter Ended		<---- Changes ---->	
	30.09.20 RM'000	30.06.20 RM'000	RM'000	%
Revenue	14,500	12,395	2,105	16.98
Profit / (Loss) before taxation	22	(704)	726	103.13

The Group's revenue of RM14.50 million for the current quarter under review was 16.98% higher than the RM12.40 million recorded in the previous quarter due to higher revenue contribution from Hardware and Maintenance segment as well as higher revenue contribution from Software segment.

The Group recorded profit before taxation of RM0.02 million in the current quarter as compared to loss before tax of RM0.70 million in the previous quarter. The Group's business has gradually recovered after gradual loosening of MCO conditions by the Malaysian Government. Also, business losses attributable from a subsidiary in Thailand recorded lower loss before taxation of RM0.36 million in 3Q20 from RM0.40 million in 2Q20.

B3. Prospects

The prospects of the retail industry in the local and regional spheres are expected to remain challenging in the financial year ending 31 December 2020 (FY2020). The ongoing Covid-19 pandemic has significantly impacted businesses as a whole and has also changed consumer purchase behaviour as consumers increasingly embrace the new norm, including higher utilisation of e-commerce platforms.

Whilst the Government has gradually eased the MCO restriction and businesses are allowed to operate under strict Standard Operating Procedures ("SOP"), the recovery of our economy, as well as the return to our normal social behaviour will require more time and effort from all stakeholders.

Nonetheless, backed by its strong balance sheet and robustness of its retail management portal AX Retail B2B in supporting physical outlets and e-commerce platforms, the Group is optimistic of its long-term prospects and will continue to strive to strengthen and grow alongside its customer base.

The Group maintains its plan to expand its customer base to different retail customer types such as shopping centre retailers and utility retailers. The Group also intends to further grow its clientele in the food and beverage (F&B) retail chains, as well as manufacturing and industrial (non-retail) corporations in the Southeast Asia (SEA) region.

In terms of market expansion, with the recent acquired subsidiary, Grand-Flo Spritvest ("GF Spritvest") in November 2020, the enlarged Group intends to cross sell existing products and services such as B2B portal, which is typically offered to customers in the retail industry, to GF Spritvest's customers in the Fast Moving Consumer Goods sector. In addition, the enlarged Group intends to introduce GF Spritvest's in-house developed software to overseas markets which the Group currently serve, namely, Vietnam, Cambodia and Thailand.

The Group has laid down and embarked on a series of future plans. With the current uncertainty in the global and local economy due to the Covid-19 pandemic, the performance of the Group for the current financial year ending 31 December 2020 will remain challenging. However, the Board is cautious on the potential impact of the Covid-19 pandemic and will continue to manage the business of our Group with vigilance during this period of uncertainty.

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B4. Profit Forecast

The Group did not issue any profit forecast or guarantee during the current financial quarter under review.

B5. Income Tax Expense

The breakdown of income tax expense are as follows:-

	Quarter Ended		Year-To-Date Ended	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Income tax expense	64	629	562	1,344
(Over) / Under provision in previous financial year	(22)	87	(22)	79
Deferred tax	131	70	(191)	(413)
	<u>173</u>	<u>786</u>	<u>349</u>	<u>1,010</u>
Effective tax rate (%) ⁽¹⁾	<u>786.36</u>	<u>28.15</u>	<u>37.12</u>	<u>20.84</u>

Notes:

- (1) The Group's effective tax rate for the third quarter ended 30 September 2020 of 786.36% is higher than the statutory tax rate of 24.00% mainly due to unrecognised deferred tax assets arising from business losses of the subsidiaries.
- (2) Income tax expense is recognised based on management's best estimate.

B6. Status of Corporate Proposals

- (a) On 8 October 2020, the Company issued a circular to the shareholders of Radiant Globaltech in relation to the following resolutions:
 - (1) Proposed Acquisition of 80% equity interest in GF Spritvest comprising 800,000 ordinary shares in GF Spritvest currently held by Grand-Flo Berhad, for a total cash consideration of RM11,600,000.
 - (2) Proposed Variation to the utilisation of proceeds of RM11,480,000 raised from Radiant Globaltech Berhad's initial public offering ("IPO") which was completed on 24 July 2018 to part-finance the Proposed Acquisition.
- (b) On 23 October 2020, the Company held an EGM for the purpose of considering and, if thought fit, passing the Proposed Acquisition and Proposed Variation. The Proposed Acquisition and Proposed Variation were duly passed by the shareholders of the Company by way of poll via remote participation and voting at the EGM of the Company on that date.

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B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Use of Proceeds Raised from IPO

The gross proceeds raised from the IPO of RM29.46 million and status of utilisation as at 30 September 2020 is disclosed in the following table:

No.	Purpose	Proposed utilisation		Deviation ⁽¹⁾		Actual utilisation	Balance to be utilised	Intended timeframe for utilisation (from the listing date 24 Jul 2018)
		RM'000	%	RM'000	RM'000	RM'000		
i.	Business and Capital expansion:-	11,600	39.38	-	-	1,742	9,858	Within 24 months
	- <i>Malaysia operation</i>	10,000	33.95	-	-	1,660	8,340	
	- <i>RG Vietnam's business</i>	1,600	5.43	-	-	82	1,518	
ii.	Working capital:-	4,757	16.15	417	-	5,174	-	Within 24 months
	- <i>Operating expenses</i>	1,457	4.95	417 ⁽¹⁾	-	1,874	-	
	- <i>Payment of inventories</i>	1,500	5.09	-	-	1,500	-	
	- <i>Payroll expenses</i>	1,800	6.11	-	-	1,800	-	
iii.	Expansion of retail software business:-	3,000	10.18	-	-	1,374	1,626	Within 24 months
	- <i>Advertising and marketing costs</i>	1,200	4.07	-	-	-	1,200	
	- <i>Payroll expenses</i>	1,800	6.11	-	-	1,374	426	
iv.	Repayment of bank borrowings:-	6,601	22.41	(132)⁽¹⁾	-	6,469	-	Within 6 months
v.	Estimated Listing expenses	3,500	11.88	(285)⁽¹⁾	-	3,215	-	Within 3 months
	Total	29,458	100.00	-	-	17,974	11,484	

Note:

- (1) The actual utilisation for repayment of bank borrowings amounted to RM6.47 million, while that for listing expenses amounted to RM3.22 million. In accordance with section 3.6(v) of the Prospectus, the excess arising therefrom amounting to RM0.42 million will be used for working capital purposes. Subsequently, the said deviation has been fully utilised for the Group's operating expenses as at the date of this report.
- (2) The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 28 June 2018 ("Prospectus").
- (3) The Proposed Variation to the utilisation of proceeds of RM11,480,000 raised from Radiant Globaltech Berhad's initial public offering ("IPO") which was completed on 24 July 2018 to part-finance the Proposed Acquisition were duly passed by the shareholders of the Company by way of poll via remote participation and voting at the EGM of the Company. The Proposed Acquisition was completed on 1 November 2020.

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2020 are as follows:

	Unaudited 30.09.20 RM'000	Audited 31.12.19 RM'000
Current:		
Lease liabilities	370	440
Term loans	715	641
	<u>1,085</u>	<u>1,081</u>
Non-current:		
Lease liabilities	242	392
Term loans	181	759
	<u>423</u>	<u>1,151</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material Litigation

As at the date of this report, the Group is not engaged in any material litigation.

B10. Dividend

No dividend has been declared or recommended for payment by the Company during the current financial quarter under review.

B11. Earnings / (Loss) Per Share

The basic and diluted earnings / (loss) per share for the current financial quarter and year-to-date are computed as follows:

	Quarter Ended		Year-To-Date Ended	
	30.09.20	30.09.19	30.09.20	30.09.19
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) after taxation attributable to owners of the Company	<u>119</u>	<u>1,727</u>	<u>(367)</u>	<u>3,534</u>
	Quarter Ended		Year-To-Date Ended	
	30.09.20	30.09.19	30.09.20	30.09.19
Weighted average number of ordinary shares ('000)	<u>525,200</u>	<u>525,200</u>	<u>525,200</u>	<u>525,200</u>

B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. Earnings / (Loss) Per Share (Cont'd)

The basic and diluted earnings / (loss) per share for the current financial quarter and year-to-date are computed as follows:

	Quarter Ended		Year-To-Date Ended	
	30.09.20	30.09.19	30.09.20	30.09.19
Earnings / (Loss) per share attributable to owners of the Company				
- Basic ⁽¹⁾ (Sen)	0.02	0.33	(0.07)	0.67
- Diluted ⁽²⁾ (Sen)	<u>0.02</u>	<u>0.33</u>	<u>(0.07)</u>	<u>0.67</u>

Notes:

- (1) The basic earnings / (loss) per share is computed based on profit / (loss) after taxation attributable to the owners of the Company and divided by the weighted average number of ordinary shares in issue as at 30 September 2020.
- (2) The diluted earnings / (loss) per share is equivalent to the basic earnings / (loss) per share as the Company does not have any convertible securities.

B12. Notes to the Statements of Profit or Loss and Other Comprehensive Income

(Loss) / Profit before taxation is arrived at after charging / (crediting):-

	Quarter Ended		Year-To-Date Ended	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Amortisation of intangible assets	167	65	524	195
Depreciation of property, plant and equipment	102	182	310	503
Depreciation of right-of-use assets	185	42	543	123
Interest income	(144)	(217)	(517)	(658)
Interest expenses	26	40	113	139
Realised (gain) / loss on foreign exchange	(102)	53	48	24
Unrealised loss on foreign exchange	95	24	26	96
Net (reversal) / impairment losses on trade receivables	<u>(203)</u>	<u>(1)</u>	<u>263</u>	<u>55</u>

BY ORDER OF THE BOARD