



RADIANT GLOBALTECH BERHAD

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

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2021

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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 JUNE 2021⁽¹⁾**

	UNAUDITED CURRENT YEAR QUARTER 30.06.21 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30.06.20 RM'000	UNAUDITED CURRENT YEAR TO DATE 30.06.21 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30.06.20 RM'000
Revenue	32,907	12,395	62,145	26,539
Cost of sales	(22,019)	(6,222)	(40,205)	(14,003)
Gross profit	10,888	6,173	21,940	12,536
Other income	98	764	429	1,376
	10,986	6,937	22,369	13,912
Selling and distribution expenses	(36)	(232)	(279)	(438)
Administrative expenses	(8,046)	(6,509)	(15,861)	(12,904)
Other expenses	(480)	(503)	(996)	(979)
Finance costs	(28)	(47)	(65)	(87)
Net (impairment) / reversal on financial assets	(21)	(350)	198	(466)
Profit / (Loss) before taxation	2,375	(704)	5,366	(962)
Income tax expense	(1,091)	(70)	(1,991)	(176)
Profit / (Loss) after taxation	1,284	(774)	3,375	(1,138)
Other comprehensive income / (loss), net of tax				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences	27	38	83	51
Total comprehensive income / (loss) for the financial period	1,311	(736)	3,458	(1,087)
PROFIT / (LOSS) AFTER TAXATION ATTRIBUTABLE TO:-				
Owners of the Company	1,132	(506)	3,190	(485)
Non-controlling interests	152	(268)	185	(653)
	1,284	(774)	3,375	(1,138)

**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 JUNE 2021⁽¹⁾
(CONT'D)**

	UNAUDITED CURRENT YEAR QUARTER 30.06.21 RM'000	UNAUDITED PRECEDING YEAR QUARTER 30.06.20 RM'000	UNAUDITED CURRENT YEAR TO DATE 30.06.21 RM'000	UNAUDITED PRECEDING YEAR TO DATE 30.06.20 RM'000
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO:-				
Owners of the Company	1,140	(488)	3,244	(429)
Non-controlling interests	171	(248)	214	(658)
	<u>1,311</u>	<u>(736)</u>	<u>3,458</u>	<u>(1,087)</u>
Earnings per share attributable to owners of the Company:-				
- Basic (Sen)	0.22 ⁽²⁾	(0.10)	0.61 ⁽²⁾	(0.09)
- Diluted (Sen)	<u>0.22⁽²⁾</u>	<u>(0.10)</u>	<u>0.61⁽²⁾</u>	<u>(0.09)</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 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) The basic earnings 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 June 2021. The diluted earnings 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 JUNE 2021⁽¹⁾**

	Unaudited 30.06.21 RM'000	Audited 31.12.20 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	1,615	1,670
Intangible assets	1,469	1,759
Right of use assets	11,038	11,225
Deferred tax assets	777	601
Goodwill on acquisition	9,790	8,152
	<u>24,689</u>	<u>23,407</u>
CURRENT ASSETS		
Inventories	12,759	7,491
Trade receivables	26,639	27,209
Other receivables, deposits and prepayments	2,332	3,699
Current tax assets	3,214	4,286
Short-term investments	19,948	21,280
Fixed deposits with licensed banks	1,051	1,040
Cash and bank balances	15,021	18,751
	<u>80,964</u>	<u>83,756</u>
TOTAL ASSETS	<u>105,653</u>	<u>107,163</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	48,153	48,153
Merger deficit	(13,681)	(13,681)
Foreign exchange translation reserve	(229)	(283)
Retained profits	34,244	31,054
Shareholders' fund	68,487	65,243
Non-controlling interests	1,547	1,220
TOTAL EQUITY	<u>70,034</u>	<u>66,463</u>
NON-CURRENT LIABILITIES		
Provision	362	336
Lease liabilities	436	323
Deferred revenue	519	299
Deferred tax liabilities	29	45
	<u>1,346</u>	<u>1,003</u>
CURRENT LIABILITIES		
Trade payables	13,180	15,802
Other payables and accruals	17,005	19,921
Amount owing to a related party	2,233	1,857
Amount owing to directors	30	120
Lease liabilities	364	548
Term loans	362	721
Bankers' acceptances	319	728
Current tax liabilities	780	-
	<u>34,273</u>	<u>39,697</u>
TOTAL LIABILITIES	<u>35,619</u>	<u>40,700</u>
TOTAL EQUITY AND LIABILITIES	<u>105,653</u>	<u>107,163</u>

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021⁽¹⁾
(CONT'D)**

	Unaudited 30.06.21	Audited 31.12.20
Number of issued shares ('000)	525,200	525,200
Net assets per ordinary share attributable to owners of the Company (Sen)	<u>13.04</u>	<u>12.42</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 2020 and the accompanying explanatory notes attached to this interim financial report.

	<--- Non-Distributable --->			Distributable	Attributable	Non-	Total
	Share	Merger	Foreign	Retained	to	controlling	Equity
	Capital	Deficit	Exchange	Profits	Owners of	interests	
			Translation		the		
			Reserve		Company		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1.1.20	48,153	(13,681)	(245)	29,454	63,681	885	64,566
Profit after taxation	-	-	-	1,600	1,600	(1,243)	357
Other comprehensive income for the financial year:							
- Foreign currency translation differences	-	-	(38)	-	(38)	(22)	(60)
Total comprehensive income for the financial year	-	-	(38)	1,600	1,562	(1,265)	297
Issuance of shares to non-controlling interests by subsidiaries	-	-	-	-	-	738	738
Non-controlling interests on incorporation of subsidiary companies	-	-	-	-	-	862	862
Balance as at 31.12.20 (Audited)	48,153	(13,681)	(283)	31,054	65,243	1,220	66,463
Balance as at 1.1.21	48,153	(13,681)	(283)	31,054	65,243	1,220	66,463
Profit after taxation	-	-	-	3,190	3,190	185	3,375
Other comprehensive income for the financial period:							
- Foreign currency translation differences	-	-	54	-	54	29	83
Total comprehensive income for the financial period	-	-	54	3,190	3,244	214	3,458
Acquisition of a subsidiary	-	-	-	-	-	113	112
Balance as at 30.06.21 (Unaudited)	48,153	(13,681)	(229)	34,244	68,487	1,547	70,034

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 2020 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 JUNE 2021⁽¹⁾**

	CURRENT YEAR TO DATE 30.06.21 RM'000	PRECEDING YEAR TO DATE 30.06.20 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES		
Profit / (Loss) before taxation	5,366	(962)
Adjustments for:		
Amortisation of intangible assets	289	357
Depreciation of property, plant and equipment	227	208
Depreciation of right-of-use assets	428	358
Gain on disposal of property, plant and equipment	(5)	-
Interest income	(175)	(373)
Interest expenses	65	87
Inventories written down	341	-
Inventories written back	-	(310)
Impairment losses on trade receivables	66	492
Unrealised gain on foreign exchange	(21)	(69)
Reversal of impairment losses on trade receivables	(264)	(26)
Operating profit before working capital changes	<u>6,317</u>	<u>(238)</u>
Increase in inventories	(5,555)	(1,853)
Decrease in trade and other receivables	2,390	10,981
Decrease in trade and other payables	(5,785)	(12,647)
Increase in amount owing to a related party	385	1,594
CASH FOR OPERATIONS	<u>(2,248)</u>	<u>(2,163)</u>
Income tax paid	(1,327)	(1,496)
Income tax refund	1,006	-
NET CASH FOR OPERATING ACTIVITIES	<u>(2,569)</u>	<u>(3,659)</u>
CASH FLOWS (FOR) / FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary company	(1,411)	-
Purchase of property, plant and equipment	(53)	(26)
Purchase of right of use assets	-	(52)
Proceed from disposal of property, plant and equipment	5	-
Interest received	175	373
Decrease in fixed deposits with tenure more than 3 months	(11)	(239)
NET CASH (FOR) / FROM INVESTING ACTIVITIES	<u>(1,295)</u>	<u>56</u>
CASH FLOWS (FOR) / FROM FINANCING ACTIVITIES		
Repayment to directors	(90)	21
Dividend paid	-	(525)
Net changes of banker's acceptance	(410)	1,517
Interest paid	(65)	(87)
Repayment of term loans	(359)	(332)
Repayment of lease liabilities	(317)	(170)
NET CASH (FOR) / FROM FINANCING ACTIVITIES	<u>(1,241)</u>	<u>424</u>

**RADIANT GLOBALTECH BERHAD ((REGISTRATION NO.: 200301018877 (621297-A))
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER AND YEAR-
TO-DATE ENDED 30 JUNE 2021⁽¹⁾ (CONT'D)**

	CURRENT YEAR TO DATE 30.06.21 RM'000	PRECEDING YEAR TO DATE 30.06.20 RM'000
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,105)	(3,179)
EFFECT OF FOREIGN EXCHANGE TRANSLATION	42	43
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	40,031	26,871
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>34,968</u>	<u>23,735</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD COMPRISES:		
Short-term investments	14,930	12,418
Cash and bank balances	15,021	11,317
Fixed deposits with licensed banks	6,069	12,777
	<u>36,020</u>	<u>36,512</u>
Less: Fixed deposits pledged to licensed banks	(485)	(459)
Fixed deposits with tenure of more than 3 months	(567)	(12,318)
	<u>34,968</u>	<u>23,735</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 2020 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 JUNE 2021

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 2020. 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 2020.

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 2020 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 2021 and are applicable for the Group’s interim financial report for the quarter and year-to-date ended 30 June 2021, as disclosed below:

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

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmarks Reform – Phase 2

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 June 2021:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective for annual periods on or after
MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 3: Reference to the Conceptual Framework	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
Amendment to MFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Policies	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds Before Intended Use	1 January 2022

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2021 (CONT'D)

A2. Changes in Accounting Policies (Cont'd)

MFRSs and/or IC Interpretations (Including The Consequential Amendments) (Cont'd)	Effective for annual periods on or after
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

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 FYE 31 December 2020.

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 JUNE 2021 (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 June 2021			
Revenue			
External revenue	28,679	4,228	32,907
Inter-segment revenue	14	32	46
	<u>28,693</u>	<u>4,260</u>	<u>32,953</u>
Consolidation adjustments			(46)
Consolidated revenue			<u>32,907</u>
Results			
Segmental profit before interest and taxation	2,611	(304)	2,307
Interest income			96
Finance costs			(28)
Consolidated profit before taxation			<u>2,375</u>
Income tax expense			(1,091)
Consolidated profit after taxation			<u>1,284</u>
Preceding year quarter ended 30 June 2020			
Revenue			
External revenue	9,638	2,757	12,395
Inter-segment revenue	32	35	67
	<u>9,670</u>	<u>2,792</u>	<u>12,462</u>
Consolidation adjustments			(67)
Consolidated revenue			<u>12,395</u>
Results			
Segmental loss before interest and taxation	(543)	(266)	(809)
Interest income			152
Finance costs			(47)
Consolidated loss before taxation			<u>(704)</u>
Income tax expense			(70)
Consolidated loss after taxation			<u>(774)</u>

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2021 (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 to date ended 30 June 2021			
Revenue			
External revenue	55,514	6,631	62,145
Inter-segment revenue	4,564	77	4,641
	<u>60,078</u>	<u>6,708</u>	<u>66,786</u>
Consolidation adjustments			(4,641)
Consolidated revenue			<u>62,145</u>
Results			
Segmental profit before interest and taxation	6,232	(976)	5,256
Interest income			175
Finance costs			(65)
Consolidated profit before taxation			<u>5,366</u>
Income tax expense			(1,991)
Consolidated profit after taxation			<u>3,375</u>
Preceding year to date ended 30 June 2020			
Revenue			
External revenue	21,354	5,185	26,539
Inter-segment revenue	209	73	282
	<u>21,563</u>	<u>5,258</u>	<u>26,821</u>
Consolidation adjustments			(282)
Consolidated revenue			<u>26,539</u>
Results			
Segmental loss before interest and taxation	(593)	(655)	(1,248)
Interest income			373
Finance costs			(87)
Consolidated loss before taxation			<u>(962)</u>
Income tax expense			(176)
Consolidated loss after taxation			<u>(1,138)</u>

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

There were no significant events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A11. Changes in the Composition of the Group

During the quarter under review, the Company acquired 70% of the equity interest comprising 210,000 ordinary shares in Arms Software International Sdn. Bhd. ("ARMS") for a cash consideration of RM1,900,000. The acquisition was completed on 17 May 2021.

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 June 2021 (2Q21)

For the second quarter ended 30 June 2021 (2Q21), the Group reported 165.40% higher revenue of RM32.91 million from RM12.40 million in the preceding year corresponding quarter ended 30 June 2020 (2Q20).

RM28.68 million or 87.15% of the revenue in 2Q21 was contributed by the Hardware and Maintenance segment, while the remaining RM4.23 million or 12.85% was derived from the Software segment.

As a comparison, RM9.64 million or 77.74% of the Group's revenue in 2Q20 was derived from the Hardware and Maintenance segment, while the remaining RM2.76 million or 22.26% was from the Software segment.

The Group recorded 76.50% higher gross profit to RM10.89 million in 2Q21 from RM6.17 million in 2Q20. Notwithstanding the higher gross profit, overall gross profit margin reduced to 33.09% in 2Q21 from 49.75% in 2Q20. The decrease in gross profit margin was mainly due to lower gross profit in Hardware and Maintenance segment as well as reclassification of direct staff costs to cost of sales in Software segment to conform with the presentation in the Audited financial statement for the FYE 31 December 2020.

The Group recorded profit before taxation of RM2.38 million in 2Q21 as compared to a loss before taxation of RM0.70 million in 2Q20. This is in line with the increase in revenue contribution from its business segments. While in 2Q20, the Group's business was affected by the implementation of the Movement Control Order ("MCO") imposed by the Malaysian Government until the Group managed to obtain approval from the Ministry of International Trade and Industry ("MITI") to recommence operations progressively. However, the gross profit contribution in 2Q20 was unable to compensate for the expenses incurred such as staff costs and other operating expenses. The increase in profit before tax in 2Q21 was also due to a reduction in business losses from the Thailand subsidiary which amounted to RM0.2 million as compared to RM0.4 million in 2Q20.

For the six months ended 30 June 2021 (1H21)

For 1H21, the Group reported 134.17% higher revenue of RM62.15 million from RM26.54 million in the previous corresponding six months ended 30 June 2020 (1H20).

RM55.51 million or 89.32% of the revenue in 1H21 was contributed by the Hardware and Maintenance segment, while the remaining RM6.64 million or 10.68% was derived from the Software segment.

As a comparison, RM21.35 million or 80.44% of the Group's revenue in 1H20 was derived from the Hardware and Maintenance segment, while the remaining RM5.19 million or 19.56% was from the Software Segment.

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

B1. Review of Group Performance (Cont'd)

For the six months ended 30 June 2021 (1H21) (Cont'd)

The Group recorded 74.96% higher gross profit to RM21.94 million in 1H21 from RM12.54 million in 1H20. Notwithstanding the higher gross profit, overall gross profit margin reduced to 35.30% in 1H21 from 47.25% in 1H20. The decrease in gross profit margin was mainly due to lower gross profit in Hardware and Maintenance segment as well as reclassification of direct staff costs to cost of sales in Software segment to conform with the presentation in the Audited financial statement for the FYE 31 December 2020.

The Group recorded profit before taxation of RM5.37 million in 1H21 as compared to a loss before taxation of RM0.96 million in 1H20. This is in line with the increase in revenue contribution from its business segments. While in 1H20, the Group's business was affected by the implementation of the Movement Control Order ("MCO") imposed by the Malaysian Government until the Group managed to obtain approval from the Ministry of International Trade and Industry ("MITI") to recommence operations progressively. However, the gross profit contribution in 1H20 was unable to compensate for the expenses incurred such as staff costs and other operating expenses the expenses incurred such as staff costs and other operating expenses. The increase in profit before tax in 1H21 was also due to a reduction in business losses from Thailand subsidiary which amounted to RM0.65 million as compared to RM1.0 million in 1H20.

B2. Comparison with Immediate Preceding Quarter Results

	Quarter Ended		<--- Changes --->	
	30.06.2021 RM'000	31.03.2021 RM'000	RM'000	%
Revenue	32,907	29,238	3,669	12.55
Profit before taxation	<u>2,376</u>	<u>2,991</u>	<u>(615)</u>	<u>(20.56)</u>

The Group's revenue of RM32.91 million for the current quarter under review was 12.55% higher than the RM29.24 million recorded in the previous quarter due to higher service maintenance performed from Hardware and Maintenance segment and implementation of project in Software segment in the current quarter.

The Group recorded profit before taxation of RM2.38 million in the current quarter as compared to RM2.99 million in the previous quarter. It was mainly due to decrease in other income such as marketing incentive received from our supplier and increase in impairment losses on doubtful debt in the current quarter.

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

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 2021 (FY2021). The implementation of the National Recovery Plan from mid-Jun 2021 until end-December 2021 affects non-essential industries and essential service industries.

However, COVID-19 highlighted the importance of digitalisation among businesses as more retailers are aiming to reduce the reliance of manual labour and to enhance efficiency in the workplace. We have also been receiving interest from our customers for our retail management systems.

With the on boarding of ARMS and Grand-Flo Spritvest Sdn. Bhd. ("GF SPRITVEST"), the Group intends to leverage on its expanded customer portfolio in the retail and industrial sectors by aiming to combine its resources to create synergies and be a one-stop solutions provider for businesses to automate their operations. The Group is intended to bring its software solutions to neighbouring countries to fulfil the rising demand for digital technologies.

Going forward, we will increase the customer base for our in-house software portals, namely AX B2B Retail and AX Non-Retail. With these strategies in place, we will capitalise on our improved position in the retail technology industry and capture the growing demand for digitalization of operations. The Group is targeting to have more than 5,500 B2B in-house portal suppliers by end-2021.

With the current uncertainty in the global and local economies due to the COVID-19 pandemic, the performance of the Group for the current financial year ending 31 December 2021 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.

Nonetheless, backed by its healthy balance sheet and robustness of its various solutions to capitalize on software, maintenance and support services segments to create a long-term sustainable revenue stream, the Group is optimistic of its long-term prospects and will continue to strengthen its customer base.

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	
	30.06.21 RM'000	30.06.20 RM'000	30.06.21 RM'000	30.06.20 RM'000
Income tax expense	892	108	2,189	498
Deferred tax	199	(38)	(198)	(322)
	<u>1,091</u>	<u>70</u>	<u>1,991</u>	<u>176</u>
Effective tax rate (%) ⁽¹⁾	<u>45.94</u>	<u>9.94</u>	<u>37.10</u>	<u>18.30</u>

Notes:

- (1) The Group's effective tax rate for the second quarter ended 30 June 2021 of 45.94% 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

There were no corporate proposals announced but not completed as at the date of this report.

B7. Group Borrowings and Debt Securities

The Group's borrowings are as follows:

	Unaudited 30.06.21 RM'000	Audited 31.12.20 RM'000
Current:		
Banker's acceptance	319	728
Lease liabilities	364	548
Term loans	362	721
	<u>1,045</u>	<u>1,997</u>
Non-current:		
Lease liabilities	436	323
	<u>436</u>	<u>323</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

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

B8. Material Litigation

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

B9. Dividend

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

B10. Earnings Per Share

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

	Quarter Ended		Year-To-Date Ended	
	30.06.21	30.06.20	30.06.21	30.06.20
	RM'000	RM'000	RM'000	RM'000
Profit after taxation attributable to owners of the Company	1,132	(506)	3,190	(485)
	<u>1,132</u>	<u>(506)</u>	<u>3,190</u>	<u>(485)</u>
	Quarter Ended		Year-To-Date Ended	
	30.06.21	30.06.20	30.06.21	30.06.20
Weighted average number of ordinary shares ('000)	525,200	525,200	525,200	525,200
	<u>525,200</u>	<u>525,200</u>	<u>525,200</u>	<u>525,200</u>
Earnings per share attributable to owners of the Company				
- Basic ⁽¹⁾ (Sen)	0.22	(0.10)	0.61	(0.09)
- Diluted ⁽²⁾ (Sen)	0.22	(0.10)	0.61	(0.09)
	<u>0.22</u>	<u>(0.10)</u>	<u>0.61</u>	<u>(0.09)</u>

Notes:

- (1) The basic earnings per share is computed based on 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 June 2021.
- (2) The diluted earnings per share is equivalent to the basic earnings per share as the Company does not have any convertible securities.

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

B11. Notes to the Statements of Profit or Loss and Other Comprehensive Income

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

	Quarter Ended		Year-To-Date Ended	
	30.06.21 RM'000	30.06.20 RM'000	30.06.21 RM'000	30.06.20 RM'000
Amortisation of intangible assets	144	172	289	357
Depreciation of property, plant and equipment	114	97	227	208
Depreciation of right-of-use assets	210	178	428	358
Gain on disposal of property, plant and equipment	-	-	(5)	-
Interest income	(96)	(152)	(175)	(373)
Interest expenses	28	47	65	87
Realised loss / (gain) on foreign exchange	34	(50)	73	(54)
Unrealised gain on foreign exchange	(22)	(41)	(21)	(69)
Inventories written down	87	-	341	-
Inventories written back	-	(5)	-	(310)
Net (reversal) / impairment losses on trade receivables	21	350	(198)	466

BY ORDER OF THE BOARD