



GREATECH TECHNOLOGY BERHAD
(Company No. 201801008633 (1270647-H))
(Incorporated in Malaysia under the Companies Act 2016)

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND
FINANCIAL YEAR ENDED 31 DECEMBER 2019**

GREATECH TECHNOLOGY BERHAD
(Company No. 201801008633 (1270647-H))

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The Fourth Quarter And Financial Year Ended 31 December 2019



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 ⁽¹⁾

	Unaudited	Audited
	As at	As at
	31/12/2019	31/12/2018
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	37,548	35,543
Right-of-use assets	29,131	-
	<u>66,679</u>	<u>35,543</u>
Current assets		
Inventories	2,865	3,594
Trade and other receivables	30,240	21,596
Contract assets	26,409	25,934
Current tax assets	506	694
Derivative instruments	9	-
Short term funds	176,528	52,609
Cash and bank balances	41,404	12,384
	<u>277,961</u>	<u>116,811</u>
TOTAL ASSETS	<u>344,640</u>	<u>152,354</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	111,951	1,000
Reserves	83,639	68,866
Total equity	<u>195,590</u>	<u>69,866</u>
Non-current liabilities		
Borrowings	18,128	5,701
Lease liabilities	2,186	-
Government grant	659	791
Deferred tax liabilities	3,139	-
	<u>24,112</u>	<u>6,492</u>
Current liabilities		
Trade and other payables	29,147	36,511
Contract liabilities	56,189	14,176
Provision for warranties	37,124	22,734
Borrowings	1,001	2,442
Lease liabilities	1,331	-
Government grant	133	133
Current tax liabilities	13	-
	<u>124,938</u>	<u>75,996</u>
Total liabilities	<u>149,050</u>	<u>82,488</u>
TOTAL EQUITY AND LIABILITIES	<u>344,640</u>	<u>152,354</u>

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	Unaudited	Audited
	As at	As at
	31/12/2019	31/12/2018
Number of ordinary shares in issue ('000)	626,000	1,000
Net assets per share attributable to owners of the parent (RM)	0.31	69.87

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 May 2019 and the accompanying explanatory notes are an integral part of this interim financial report.

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Interim Financial Report For The Fourth Quarter And Financial Year Ended 31 December 2019



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FINANCIAL
YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2019 RM'000	31/12/2018 ⁽²⁾ RM'000	31/12/2019 RM'000	31/12/2018 RM'000
Revenue	58,515	N/A	215,935	219,582
Cost of sales	(35,206)	N/A	(143,076)	(174,349)
Gross profit	23,309	N/A	72,859	45,233
Other income	2,749	N/A	10,001	7,529
Administrative and marketing expenses	(4,724)	N/A	(24,383)	(20,340)
Finance costs	(363)	N/A	(905)	(561)
Profit before taxation	20,971	N/A	57,572	31,861
Tax expense	(4,950)	N/A	(5,276)	(142)
Profit for the financial period/year	16,021	N/A	52,296	31,719
Other comprehensive income, net of tax				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	5	N/A	7	*
Item that will not be reclassified subsequently to profit or loss				
Revaluation surplus on property, plant and equipment	1,970	N/A	1,970	-
Total comprehensive income for the financial period/year attributable to owners of the parent	17,996	N/A	54,273	31,719
Earnings per share attributable to owners of the parent (sen)				
- Basic/Diluted ⁽³⁾	2.56	N/A	11.29	31.72

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Interim Financial Report For The Fourth Quarter And Financial Year Ended 31 December 2019



- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 May 2019 and the accompanying explanatory notes are an integral part of this interim financial report.
- (2) No comparative figures for the preceding year corresponding quarter are presented as this is the fourth interim financial report on the consolidated results for the period ended 31 December 2019 announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**").
- (3) Based on weighted average number of ordinary shares in issue during the financial period/year under review.

N/A Not applicable.

* Less than RM1,000

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR
THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾**

	----- Attributable to Owners of the Parent -----					
	----- Non-distributable -----			Distributable		
	Share capital RM'000	Exchange translation reserve RM'000	Revaluation reserve RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 January 2019	1,000	*	3,605	-	65,261	69,866
Profit for the financial year	-	-	-	-	52,296	52,296
Gross revaluation increase of properties	-	-	2,592	-	-	2,592
Deferred tax relating to revalued properties	-	-	(622)	-	-	(622)
Realisation of revaluation surplus	-	-	(111)	-	111	-
Other comprehensive income, net of tax	-	7	-	-	-	7
Total comprehensive income	-	7	1,859	-	52,407	54,273
Transactions with owners:						
Acquisition of subsidiaries in business combination under common control	39,500	-	-	(39,500)	-	-
Issuance of shares	73,048	-	-	-	-	73,048
Share issue expenses	(1,597)	-	-	-	-	(1,597)
	110,951	-	-	(39,500)	-	71,451
Balance as at 31 December 2019	111,951	7	5,464	(39,500)	117,668	195,590

(1) The Unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 May 2019 and the accompanying explanatory notes are an integral part of this interim financial report.

* Less than RM1,000

GREATECH TECHNOLOGY BERHAD**(Company No. 201801008633 (1270647-H))**

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Interim Financial Report For The Fourth Quarter And Financial Year Ended 31 December 2019


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾**

	12 months ended	
	31/12/2019	31/12/2018
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	57,572	31,861
Adjustments for:		
Amortisation of government grant	(132)	(115)
Bad debts written off	184	-
Depreciation of property, plant and equipment	2,268	2,418
Depreciation of right-of-use assets	2,221	-
Fair value gain on derivative instruments	(9)	-
Gain on disposal of property, plant and equipment	(63)	-
Impairment loss on trade receivables	180	523
Interest expense	905	561
Interest income	(640)	(53)
Inventories written down	201	-
Loss on revaluation of property, plant and equipment	937	-
Property, plant and equipment written off	2	2
Provision for warranties	14,732	15,887
Reversal of impairment loss on trade receivables	(523)	(242)
Reversal of unused provision for warranties	(307)	-
Share-based payment transaction	-	4,085
Unrealised loss on foreign exchange	3,082	2,962
	<hr/>	<hr/>
Operating profit before changes in working capital	80,610	57,889
Decrease in inventories	528	3,905
(Increase)/Decrease in trade and other receivables	(11,273)	15,367
Increase in contract assets	(475)	(2,807)
(Decrease)/Increase in trade and other payables	(7,330)	11,208
Increase/(Decrease) in contract liabilities	42,013	(8,217)
Warranties paid	(35)	(33)
	<hr/>	<hr/>
Cash generated from operations	104,038	77,312
Interest received	640	53
Interest paid	(615)	(561)
Tax paid	(670)	(694)
Tax refunded	740	-
	<hr/>	<hr/>
Net cash from operating activities	104,133	76,110

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Interim Financial Report For The Fourth Quarter And Financial Year Ended 31 December 2019


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾**

	12 months ended	
	31/12/2019	31/12/2018
	RM'000	RM'000
Cash flows from investing activities		
Net changes in deposits pledged with licensed banks	(104)	(988)
Proceed from disposal of property, plant and equipment	63	-
Purchase of property, plant and equipment	(12,111)	(11,955)
Purchase of right-of-use assets	(16,987)	-
	<u>(29,139)</u>	<u>(12,943)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Dividends paid	-	(5,703)
Government grant received	-	242
Proceeds from:		
- bankers' acceptances	-	2,641
- issuance of ordinary shares	73,048	-
- term loans	19,181	-
Share issue expenses	(1,597)	-
Repayment of:		
- hire purchase creditors	-	(1,449)
- bankers' acceptances	-	(2,641)
- lease liabilities	(4,694)	-
- term loans	(5,148)	(719)
Net cash from/(used in) financing activities	<u>80,790</u>	<u>(7,629)</u>
Net increase in cash and cash equivalents	155,784	55,538
Effect of exchange rate changes on cash and cash equivalents	(2,949)	(2,722)
Cash and cash equivalents as at beginning of financial year	<u>62,273</u>	<u>9,457</u>
Cash and cash equivalents as at end of financial year	<u><u>215,108</u></u>	<u><u>62,273</u></u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE
FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2019 ⁽¹⁾**

	12 months ended	
	31/12/2019	31/12/2018
	RM'000	RM'000
Cash and cash equivalents comprise the following as at end of financial year:		
Cash and bank balances	38,476	9,559
Deposits with licensed banks	2,928	2,825
Short term funds	176,528	52,609
	<u>217,932</u>	<u>64,993</u>
Less: Deposits pledged to licensed banks	(2,824)	(2,720)
	<u>215,108</u>	<u>62,273</u>

Reconciliation of liabilities arising from financing activities

	Lease liabilities	Hire purchase	Term loans
	RM'000	creditors	RM'000
Balance as at 1 January 2018	-	3,225	5,815
Cash flows	-	(178)	(719)
Balance as at 31 December 2018	<u>-</u>	<u>3,047</u>	<u>5,096</u>
Balance as at 1 January 2019, as previously reported	-	3,047	5,096
Effects of adoption of MFRS 16	7,558	(3,047)	-
Balance as at 1 January 2019, as restated	<u>7,558</u>	<u>-</u>	<u>5,096</u>
Cash flows	(4,331)	-	14,033
Non-cash flows:			
- unwinding of interest	290	-	-
Balance as at 31 December 2019	<u>3,517</u>	<u>-</u>	<u>19,129</u>

(1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 May 2019 and the accompanying explanatory notes are an integral part of this interim financial report.

* Less than RM1,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

Part A: Explanatory Notes Pursuant To MFRS 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial report of Greatech Technology Berhad (“**Greatech**” or “**the Company**”) and its subsidiaries (collectively known as “**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRSs**”) 134 *Interim Financial Reporting* and Rule 9.22 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Listing Requirements**”).

This is the fourth interim financial report on the Company’s unaudited condensed consolidated financial results for the fourth (4th) quarter ended 31 December 2019 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding quarter.

This interim financial report should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 13 May 2019 and the accompanying explanatory notes are an integral part of this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus of the Company dated 13 May 2019, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

a) New and revised MFRSs, Amendments to MFRSs and IC interpretations adopted during the financial year

Title	Effective date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Annual Improvements to MFRS Standards 2015 - 2017 Cycle	
(i) Amendments to MFRS 3 <i>Business Combinations</i>	1 January 2019
(ii) Amendments to MFRS 11 <i>Joint Arrangements</i>	1 January 2019
(iii) Amendments to MFRS 112 <i>Income Taxes</i>	1 January 2019
(iv) Amendments to MFRS 123 <i>Borrowing Costs</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019

The adoption of the above accounting standards and interpretations is expected to have no impact on the financial statements of the Group upon their initial application except as follows:

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

The Group has adopted MFRS 16 which is effective for the financial year ended 31 December 2019. In relation to this, the Group applied MFRS 16 using the modified retrospective approach, for which the cumulative effect of initial adoption is recognised in retained earnings as at 1 January 2019. Accordingly, the comparative information presented is not restated.

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate of the Group as at 1 January 2019.

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the financial statements as at 31 December 2018.

For leases previously classified as finance leases, the Group recognised the carrying amounts of the lease assets and lease liabilities immediately before transition as the carrying amounts of the right-of-use assets and the lease liabilities respectively at the date of initial application. The measurement principles of MFRS 16 are only applied after that date.

Details are as follows:

	As at 31/12/2018 RM'000	Effect of adoption of MFRS 16 RM'000	As at 1/1/2019 RM'000
Property, plant and equipment	35,543	(12,506)	23,037
Right-of-use assets	-	17,017	17,017
Borrowings	8,143	(3,047)	5,096
Lease liabilities	-	7,558	7,558
Retained earnings	65,261	-	65,261

b) New and revised MFRSs, Amendments to MFRSs and IC interpretations, but only effective for annual periods beginning on or after 1 January 2020

The following are standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board but have not been early adopted by the Group:

Title	Effective date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A3. Audit Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2018.

A4. Seasonal or Cyclical Factors

The Group did not experience any material seasonality or cyclicity in the business as the demand for the products and services are neither subject to seasonal fluctuations nor cyclical variations.

A5. Material Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter and financial year under review.

A6. Material Changes in Estimates

There were no changes in estimates that have a material effect in the current financial quarter and financial year under review.

A7. Debt and Equity Securities

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and financial year under review.

On 12 June 2019, the Company issued a total of 119,750,000 new ordinary shares at an issue price of RM0.61 per share in conjunction with its Initial Public Offering (“IPO”). Thereafter, the Company’s enlarged share capital of 626,000,000 shares were listed on the ACE Market of Bursa Malaysia Securities Berhad on 13 June 2019.

A8. Dividend Paid

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

A9. Segmental Reporting

Information about operating segments has not been reported separately as the Group’s revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the sale of automated equipment together with provision of parts and services.

No provision of parts and services segment information is presented as the Chief Executive Officer (“CEO”) views the Group as a single reportable segment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A10. Valuations of Property, Plant and Equipment and Right-of-use assets

The Group has carried out a valuation exercise on its leasehold buildings and leasehold lands classified under Property, Plant and Equipment (“PPE”) and Right-Of-Use (“ROU”) assets respectively, during the financial quarter ended 31 December 2019. The revaluation is performed by an independent professional valuer using the open market value basis. The revaluation was carried out to ascertain the current market value of the PPE and ROU assets for accounting purposes.

Gain/(Loss) on revaluation of PPE and ROU assets

	Carry amount RM’000	Market value RM’000	Gain RM’000	Loss RM’000
Property, plant and equipment				
Leasehold buildings	22,234	21,820	523	(937)
Right-of-use assets				
Leasehold lands	23,477	25,546	2,069	-
Total	45,711	47,366	2,592	(937)

Effect on net assets per share

The net revaluation surplus, net of deferred tax of RM1.03 million would result in the Group’s consolidated net assets per share to increase by approximately 0.16 sen. The Company has recorded net assets per share of 31.24 sen based on the unaudited financial results of the Group for the fourth quarter ended 31 December 2019.

	Unaudited before revaluation	Effect of revaluation, net of deferred tax	After revaluation
Equity attributable to owners of the parent	194,557	1,033	195,590
Number of ordinary shares in issue (*000)	626,000	626,000	626,000
Net assets per share (RM)	0.3108	0.0016	0.3124

A11. Material Events Subsequent to the end of the Interim Financial Period

There were no material events subsequent to the end of the current financial quarter and financial year under review that have not been reflected in this interim financial report.

A12. Changes in Group’s Composition

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

A13. Contingent Assets and Contingent Liabilities

There were no material contingent assets or contingent liabilities to be disclosed as at the date of this interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A14. Capital Commitments

Save as disclosed below, as at 31 December 2019, the Group does not have any material capital commitments:

	RM'000
- Approved and contracted for	<u>3,239</u>

Capital commitments of the Group relate to the construction of new operational facility, computer systems and plant and machinery.

A15. Significant Related Party Transactions

There were no significant related party transactions during the current financial quarter and financial year under review.

A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current financial quarter and financial year under review.

Part B - Additional Information Required by the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of Group Performance

Comparison with the corresponding period in the previous financial year

The Group recorded revenue and profit before taxation ("PBT") of RM58.52 million and RM20.97 million respectively during the current financial quarter under review. No comparative figures for the preceding year corresponding quarter are presented as this is the fourth interim financial report on the consolidated results announced by the Company in compliance with the Listing Requirements.

The Group achieved a total revenue of RM215.94 million and PBT of RM57.57 million for current financial year ended 31 December 2019. The PBT margin for the current financial year has increased to 26.66% as compared to 14.51% in preceding financial year mainly due to consistent process improvement, lesser development costs and other cost reduction initiatives. In FY2018, the customer continued its expansion plan and there were multi factories completed by the customer for the production line systems to be installed. In order to comply with the agreed major milestones of the customer's planned schedule, the Group has incurred higher cost to complete, deliver and install the production line systems.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B2. Comparison with immediate preceding quarter's results

The Group's revenue for the current financial quarter ended 31 December 2019 increased by RM10.83 million or 22.71% to RM58.52 million as compared to RM47.69 million in the preceding financial quarter ended 30 September 2019. The increase was mainly due to majority of the production line systems were assembled and delivered. The final acceptance of these production line systems and receipt of payment is expected at the first quarter of 2020.

PBT of the Group for the current financial quarter was RM20.97 million, compared to preceding financial quarter of RM13.05 million. The RM7.92 million increase in PBT was mainly due to the increase in revenue and improvement in the Group's operating efficiency as indicated by the increase in gross profit margin from 34.58% in the preceding financial quarter to 39.83% in current financial quarter.

B3. Commentary on prospects

The order book for the Group stood at RM215 million as at 31 January 2020. With that, the Group continues to increase and focus on processing these orders that will eventually be contributing to the revenue in fiscal year 2020.

Despite anticipated slow growth in global economy predominated by risk of re-escalation of trade tensions, geopolitical uncertainties and financial turmoil in emerging market and developing economies, the Group is of the view that the industry it serves remains favourable.

The Group continues to focus to engage customer on production line solutions which improve our Group's workload predictability which in turn results in better project planning and are less vulnerable to macroeconomic factors. The Group also constantly develops new product portfolio and expands its business in other sectors apart from solar sector.

In fiscal year 2020, the Group expects to incur capital expenditure due to planned expansions at Batu Kawan and Lunas facilities in order to increase capacity and to leverage on existing cost structure. The actual investment will depend on timing of the expansion. The Group foresees that continued cash flow generated from operation, and cash and cash equivalents in hand together with credit facilities available will be sufficient to fund its investment requirements in capital assets.

The Group is not swerved by the recent COVID-19 pandemic as the Group's purchases are mainly from the US and European countries. The Group has sufficient materials to fulfil orders received to-date. China customers accounted for less than 1% of the Group's revenue in 2019. We do not foresee any material adverse impact on the Group's financial performance.

B4. Profit Forecast

The Group did not issue any profit forecast during the financial quarter and financial year under review.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B5. Status of Corporate Proposals

There were no corporate proposals for the current financial quarter under review.

B6. Tax Expense

	Unaudited			
	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2019	31/12/2018 ⁽¹⁾	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current tax	196	N/A	(130)	(142)
- Deferred tax liabilities	(2,517)	N/A	(2,517)	-
Foreign withholding tax	(2,629)	N/A	(2,629)	-
	<u>(4,950)</u>	<u>N/A</u>	<u>(5,276)</u>	<u>(142)</u>
Effective tax rates	23.60%	N/A	9.16%	0.45%

(1) No comparative figures for the preceding year corresponding quarter are presented as this is the fourth interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

The effective tax rate for the financial year of the Company was lower than the statutory tax rate as the subsidiary, Greatech Integration (M) Sdn Bhd, was granted pioneer status by Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986 on 29 March 2013, for a period of five (5) years up to 28 March 2018, which was subsequently extended for another five (5) years to 28 March 2023. As such, the Company's statutory income during this period is exempted from income tax.

Foreign withholding tax is related to withholding tax liability from sales of production line systems and provision of engineering services to a customer in certain jurisdiction. It is originally accrued as part of the provisional charge. Due to complexity of the tax law, significant judgement is required in evaluating the tax positions, including uncertainties. The Group submitted the applications to reclaim the taxation withhold by the foreign tax authorities over the period. However, there is no assurance of refundability. Thus, the Group has decided to expense the withholding tax to the profit or loss.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B7. Use of proceeds from the IPO

The gross proceeds of RM73.05 million raised from the Public Issue and status of utilisation as at 31 December 2019 is disclosed in the following manner:

Purposes	Estimated time frame for utilisation upon Listing	Proposed utilisation RM'000	Actual utilisation RM'000	Percentage utilised %
Business expansion and development, and marketing activities	Within 48 months	18,000	848	5%
Capital expenditure	Within 24 months	5,000	4,685	94%
R&D expenditure	Within 24 months	5,000	380	8%
Working capital	Within 30 months	36,548	14,791	40%
Repayment of bank borrowings	Within 3 months	4,500	4,500	100%
Estimated listing expenses	Immediately	4,000	4,000	100%
		73,048	29,204	40%

The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 May 2019.

B8. Borrowings and Debt Securities

The details of the Group's borrowings are as follows:

	Unaudited	
	31/12/2019	31/12/2018
	RM'000	RM'000
Secured:		
Current liabilities		
Hire purchase creditors	-	1,674
Term loans	1,001	768
	1,001	2,442
Non-current liabilities		
Hire purchase creditors	-	1,373
Term loans	18,128	4,328
	18,128	5,701
Total liabilities		
Hire purchase creditors	-	3,047
Term loans	19,129	5,096
	19,129	8,143

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B9. Derivative Instruments

The details of outstanding derivative instruments as at 31 December 2019 are as follow:

	Nominal Value	Assets
	RM'000	RM'000
Foreign Exchange Forward Contracts:		
- Less than 1 year	368	9

The Group's derivative instruments as at the end of the current financial quarter comprise forward foreign exchange contracts which are used to manage the foreign currency exposures arising from the Group's receivables denominated in USD. The fair value of the forward foreign exchange contracts is based on the difference between the contracted forward rates and the mark-to-market rates.

B10. Material Litigation

As at the date of this interim financial report, there were no material litigations involving the Group.

B11. Proposed Dividend

The Board of Directors did not declare or recommend any dividend for the current financial quarter under review.

B12. Earnings Per Share ("EPS")

The basic and diluted EPS are calculated based on the Group's profit after tax attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial period/year under review.

	Unaudited			
	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2019	31/12/2018⁽¹⁾	31/12/2019	31/12/2018
Profit after tax attributable to owners of the parent (RM'000)	16,021	N/A	52,296	31,719
Weighted average number of ordinary shares in issue ('000)	626,000	N/A	463,279	1,000
Basic EPS (sen) ⁽²⁾	2.56	N/A	11.29	31.72
Diluted EPS (sen) ⁽³⁾	2.56	N/A	11.29	31.72

(1) No comparative figures for the preceding year corresponding quarter are presented as this is the fourth interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

(2) Basic EPS is calculated based on the profit after tax attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial period/year under review.

(3) Diluted EPS equals basic EPS, as the Company does not have any convertible options as at the end of the interim financial period.

N/A Not applicable.

B13. Profit Before Tax

Included in profit for the financial period are as follows:

	Unaudited			
	Individual Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	31/12/2019	31/12/2018 ⁽¹⁾	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
Amortisation of government grant	32	N/A	132	115
Bad debts written off	(184)	N/A	(184)	-
Depreciation of property, plant and equipment	(45)	N/A	(2,268)	(2,418)
Depreciation of right-of-use assets	(2,221)	N/A	(2,221)	-
Fair value gain on derivative instruments	17	N/A	9	-
Gain on disposal of property, plant and equipment	63	N/A	63	-
Impairment loss on trade receivables	(180)	N/A	(180)	(523)
Interest expense	(363)	N/A	(905)	(561)
Interest income	159	N/A	640	53
Inventory written down	(201)	N/A	(201)	-
Loss on revaluation of property, plant and equipment	(937)	N/A	(937)	-
Property, plant and equipment written off	-	N/A	(2)	(2)
Provision for warranties	(3,802)	N/A	(14,732)	(15,887)
Realised gain on foreign exchange	1,010	N/A	4,897	6,364
Reversal of impairment loss on trade receivables	306	N/A	523	242
Reversal of unused provision for warranties	307	N/A	307	-
Unrealised loss on foreign exchange	(1,405)	N/A	(3,082)	(2,962)

(1) No comparative figures for the preceding year corresponding quarter are presented as this is the fourth interim financial report on consolidated results announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.