



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

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2020**

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

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The Third Quarter Ended 30 September 2020



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 SEPTEMBER 2020 ⁽¹⁾**

	Unaudited As at 30/09/2020 RM'000	Audited As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	47,394	37,548
Right-of-use assets	27,748	29,131
	<u>75,142</u>	<u>66,679</u>
Current assets		
Inventories	14,009	2,865
Trade and other receivables	51,430	30,240
Contract assets	13,499	26,409
Derivative assets	12	9
Current tax assets	506	506
Short term funds	190,980	176,528
Cash and bank balances	40,962	41,404
	<u>311,398</u>	<u>277,961</u>
TOTAL ASSETS	<u>386,540</u>	<u>344,640</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	111,951	111,951
Reserves	142,970	83,639
Total equity	<u>254,921</u>	<u>195,590</u>
Non-current liabilities		
Borrowings	17,562	18,128
Lease liabilities	1,191	2,186
Deferred tax liabilities	3,139	3,139
Government grant	558	659
	<u>22,450</u>	<u>24,112</u>
Current liabilities		
Trade and other payables	27,863	29,147
Contract liabilities	36,485	56,189
Provision for warranties	41,862	37,124
Borrowings	1,402	1,001
Lease liabilities	1,420	1,331
Government grant	133	133
Current tax liability	4	13
	<u>109,169</u>	<u>124,938</u>
Total liabilities	<u>131,619</u>	<u>149,050</u>
TOTAL EQUITY AND LIABILITIES	<u>386,540</u>	<u>344,640</u>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 SEPTEMBER 2020 ⁽¹⁾**

	Unaudited As at 30/09/2020	Audited As at 31/12/2019
Number of ordinary shares in issue ('000)	626,000	626,000
Net assets per share attributable to owners of the parent (RM)	0.41	0.31

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	75,820	47,689	184,780	157,420
Cost of sales	<u>(40,985)</u>	<u>(31,198)</u>	<u>(107,209)</u>	<u>(107,870)</u>
Gross profit	34,835	16,491	77,571	49,550
Other income	712	2,369	8,528	7,252
Administrative and marketing expenses	(11,776)	(5,529)	(25,236)	(19,659)
Finance costs	<u>(258)</u>	<u>(285)</u>	<u>(719)</u>	<u>(542)</u>
Profit before tax	23,513	13,046	60,144	36,601
Tax expenses	<u>(291)</u>	<u>(123)</u>	<u>(806)</u>	<u>(326)</u>
Profit for the financial period	23,222	12,923	59,338	36,275
Other comprehensive income, net of tax				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	<u>*</u>	<u>2</u>	<u>(7)</u>	<u>2</u>
Total comprehensive income for the financial period attributable to owners of the parent	<u>23,222</u>	<u>12,925</u>	<u>59,331</u>	<u>36,277</u>
Earnings per share attributable to owners of the parent (sen)				
- Basic/Diluted ⁽²⁾	<u>3.71</u>	<u>2.06</u>	<u>9.48</u>	<u>8.88</u>

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

(2) Based on weighted average number of ordinary shares in issue during the financial period under review.

* Less than RM1,000

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020 ⁽¹⁾

	----- Attributable to Owners of the Parent -----					
	----- Non-distributable -----			Distributable		
	Share capital	Exchange translation reserve	Reorganisation debit reserve	Revaluation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	111,951	7	(39,500)	5,464	117,668	195,590
Profit for the financial period	-	-	-	-	59,338	59,338
Realisation of revaluation surplus	-	-	-	(130)	130	-
Other comprehensive income, net of tax	-	(7)	-	-	-	(7)
Total comprehensive income	-	(7)	-	(130)	59,468	59,331
Balance as at 30 September 2020	111,951	*	(39,500)	5,334	177,136	254,921
Balance as at 1 January 2019	1,000	*	-	3,605	65,261	69,866
Profit for the financial period	-	-	-	-	36,275	36,275
Realisation of revaluation surplus	-	-	-	(83)	83	-
Other comprehensive income, net of tax	-	2	-	-	-	2
Total comprehensive income	-	2	-	(83)	36,358	36,277
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)
Total transactions with owners	110,951	-	(39,500)	-	-	71,451
Balance as at 30 September 2019	111,951	2	(39,500)	3,522	101,619	177,594

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

* Less than RM1,000

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020 ⁽¹⁾

	9 months ended	
	30/09/2020 RM'000	30/09/2019 RM'000
Cash flows from operating activities		
Profit before taxation	60,144	36,601
Adjustments for:		
Amortisation of government grant	(101)	(100)
COVID-19 related rent concessions	(22)	-
Depreciation of property, plant and equipment	2,737	2,223
Depreciation of right-of-use assets	1,472	-
Fair value adjustment on derivative	(3)	8
Impairment losses on contract assets	207	-
Impairment losses on trade receivables	711	306
Interest expense	719	542
Interest income	(472)	(481)
Property, plant and equipment written off	-	2
Provision for warranties	13,006	10,930
Reversal of impairment losses on trade receivables	(180)	(523)
Reversal of unused provision for warranties	(8,268)	-
Unrealised loss on foreign exchange	1,101	1,677
	<hr/>	<hr/>
Operating profit before changes in working capital	71,051	51,185
(Increase)/Decrease in inventories	(11,144)	1,488
Increase in trade and other receivables	(21,629)	(921)
Decrease in contract assets	12,703	-
(Decrease)/Increase in trade and other payables	(1,231)	44,071
Decrease in contract liabilities	(19,704)	-
Warranties paid	-	(35)
	<hr/>	<hr/>
Cash generated from operations	30,046	95,788
Interest paid	(617)	(542)
Interest received	472	481
Tax paid	(815)	(374)
Tax refunded	-	282
	<hr/>	<hr/>
Net cash from operating activities	29,086	95,635

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020 ⁽¹⁾

	9 months ended	
	30/09/2020 RM'000	30/09/2019 RM'000
Cash flows from investing activities		
Net changes in deposits pledged with licensed banks	1,328	(20)
Purchase of property, plant and equipment	(12,583)	(20,758)
Purchase of right-of-use assets	(89)	-
	<u>(11,344)</u>	<u>(20,778)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Proceeds from:		
- hire purchase creditors	-	300
- issuance of ordinary shares	-	73,048
- term loans	490	19,182
Share issue expenses	-	(1,597)
Repayment of:		
- hire purchase creditors	-	(1,304)
- lease liabilities	(986)	-
- term loans	(655)	(5,096)
Net cash (used in)/from financing activities	<u>(1,151)</u>	<u>84,533</u>
Net changes in cash and cash equivalents	16,591	159,390
Effect of exchange rate changes on cash and cash equivalents	(1,253)	(1,724)
Cash and cash equivalents at beginning of financial period	<u>215,108</u>	<u>62,273</u>
Cash and cash equivalents at end of financial period	<u><u>230,446</u></u>	<u><u>219,939</u></u>
Cash and cash equivalents comprise the following at end of financial period:		
Cash and bank balances	39,313	36,881
Deposits with licensed banks	1,649	2,845
Short term funds	190,980	182,953
	<u>231,942</u>	<u>222,679</u>
Less: Deposits pledged to licensed banks	(1,496)	(2,740)
	<u><u>230,446</u></u>	<u><u>219,939</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020 ⁽¹⁾

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Term loans RM'000
Balance as at 1 January 2020	3,517	19,129
Cash flows	(986)	(165)
Non-cash flows		
- COVID-19 related rent concessions	(22)	-
- unwinding of interest	102	-
Balance as at 30 September 2020	<u>2,611</u>	<u>18,964</u>

	Hire purchase creditors RM'000	Term loans RM'000
Balance as at 1 January 2019	3,047	5,096
Cash flows	(1,004)	14,086
Balance as at 30 September 2019	<u>2,043</u>	<u>19,182</u>

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

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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 (“**Company**” or “**Greatech**”) and its subsidiaries (collectively known as “**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 the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to 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 in the latest audited financial statements, 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 period

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>Amendments to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020
<i>Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

The adoption of the above accounting standards and interpretations have no impact on the financial statements of the Group upon their initial application.

b) New and revised MFRSs, Amendments to MFRSs and IC interpretations, but only effective for annual periods beginning on or after 1 January 2021

The following are standards of the MFRSs 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 MFRSs 4, 7, 9, 16 and 139 Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
<i>Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018–2020”</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment—Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts—Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current</i>	1 January 2023
<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 2019.

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 under review.

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

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.

A10. Valuations of Property, Plant and Equipment and Right-Of-Use Assets

The valuations of buildings and leasehold land classified under Property, Plant and Equipment and Right-Of-Use Assets is performed by an independent professional valuer using the open market value basis on 31 December 2019.

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 under review that have not been reflected in this interim financial report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A12. Changes in Group's Composition

Save as disclosed below, there were no changes in the composition of the Group during the current financial quarter under review:

On 3 November 2020, the Group has announced that its wholly-owned subsidiary, Greatech Integration (M) Sdn. Bhd. has on 29 October 2020 incorporated a new wholly-owned subsidiary, namely Greatech Integration (USA) Inc. in Delaware, USA.

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.

A14. Capital Commitments

Save as disclosed below, as at 30 September 2020, the Group does not have any material capital commitments:

Property, Plant and Equipment	RM'000
- Approved and contracted for	<u>21,144</u>

Capital commitments of the Group relate to the construction of new operational facility at Penang Batu Kawan Industrial Park, computer systems, plant and machinery, electrical installations, renovation works and motor vehicles.

A15. Significant Related Party Transactions

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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

B1. Review of Group's Performance

Comparison with prior year corresponding quarter results

The Group's revenue of RM75.82 million for the current financial quarter were 58.99% or RM28.13 million higher than that of prior year corresponding quarter. The increase was primarily attributable to the higher revenue recognised for production line systems coupled with the increase in demand from existing customers, and a notable increase in provision of parts and demand for on-site services, installation and commissioning revenue from existing customers during the 3rd quarter ended 30 September 2020.

The Group has recorded a higher gross profit ("GP") of RM34.84 million and higher gross profit margin ("GP margin") of 45.94% as compared to RM16.49 million and 34.58% respectively in the prior year corresponding quarter. The increase was in line with the Group's continued efforts to drive margin improvement of our business.

The Group's profit before tax ("PBT") for the current financial quarter was RM23.51 million or 31.01% of revenue, an increase of RM10.46 million or 80.15% as compared to the prior year corresponding quarter. The increase reflected from the higher revenues and GP were partially offset by the increased research and development expenses, unrealised losses on foreign exchange and the provision of employees' incentive expenses, in line with the corporate proposal of the Long Term Incentive Plan ("Proposed LTIP") that the Group have announced last month, as well as the lower other income generated for the current quarter of RM1.66 million as compared to prior year corresponding quarter.

Comparison with prior year cumulative quarter results

The Group's cumulative revenue has increased by RM27.36 million or 17.38% from RM157.42 million in 2019 to RM184.78 million in 2020. This is driven by the demands of modification and upgrade of existing solar manufacturing lines and production line systems' repeat order received in 2nd half of 2019 as scheduled for delivery in the 2nd half of 2020 and better order intake of parts and services arising from the existing customers' continued capital investment along with positive development of demand for energy storage and semiconductor industry.

The Group's PBT has increased significantly by RM23.54 million or 64.32% from RM36.60 million in 2019 to RM60.14 million in 2020. This was the result of higher revenue and GP compared with prior year, as well as the increase in other income arising from dividend income from the placement of short term funds and partially offset by increase in administrative and marketing expenses for research and development expenses, unrealised losses on foreign exchange and provision of employees' incentive expenses.

B2. Comparison with Immediate Preceding Quarter's Results

The Group's revenue for the current financial quarter ended 30 September 2020 increased by RM19.60 million or 34.86% to RM75.82 million as compared to RM56.22 million in the preceding financial quarter ended 30 June 2020. The Group's positive third quarter result is driven by higher revenue recognised from production line systems keeping in line with higher percentage of completion and to some extent, an increase in demand of provision of parts and services.

Despite the large increase in GP of 59.74% or RM13.03 million, the PBT of the Group for the current financial quarter recorded an increase of 31.86% or RM5.68 million, amounting to RM23.51 million. This is mainly attributable to the increase in administrative and marketing expenses from the provision of employees' incentive expenses, research and development expenses and unrealised losses on foreign exchange, offset by the lower impairment loss on contract assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on Prospects

The Group managed to deliver a solid set of results in the third quarter despite the challenging pandemic situation.

As we enter fourth quarter of 2020, the Group remains confident in driving our growth initiatives to increase market presence and new product launches but acknowledge significant uncertainties in the macroeconomic environment, including the economic impact of COVID-19 and geopolitical development. The Group continues to focus on positioning our production capacity and delivering equipment and services to our customers while maintaining an intense focus on cost control, which will ensure the business remains well positioned to deliver tangible results and earnings expansion in 2021 and beyond.

As of 13 November 2020, the Group's order book stood at RM266.90 million, which is expected to last until the second half of 2021.

B4. Profit Forecast

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B5. Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed for the current financial quarter under review.

On 11 August 2020, the Company announced the following proposals:

- (i) proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities (“**Proposed Transfer**”); and
- (ii) proposed amendments to the Constitution of the Company to facilitate the implementation of the Proposed Transfer (“**Proposed Amendments**”).

Subsequently, on 17 September 2020, the Company submitted the application in relation to the Proposed Transfer to the Securities Commission Malaysia.

On 9 September 2020, the Company announced the proposed establishment of a long term incentive plan of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the scheme for the eligible executive directors and employees of the Group (excluding subsidiary companies which are dormant) (“**Proposed LTIP**” or “**Scheme**”). The Proposed LTIP comprises a share grant plan (“**Proposed SGP**”) and a share option plan (“**Proposed SOP**”).

Subsequently, on 7 October 2020, the Company announced that the Proposed LTIP has been approved by Bursa Securities vide its letter dated 6 October 2020.

On 20 October 2020, the Company announced the proposed bonus issue of 626,000,000 new ordinary shares in the Company (“**Greatech Technology Share(s)**”) (“**Bonus Share(s)**”) on the basis of one (1) Bonus Share for every one (1) existing Greatech Technology Share held on an entitlement date to be determined and announced later (“**Proposed Bonus Issue**”).

Subsequently, on 27 October 2020, the Company announced that the Proposed Bonus Issue has been approved by Bursa Securities vide its letter dated 26 October 2020.

The circulars to shareholders in relation to the Proposed LTIP and Proposed Amendments, and Proposed Bonus Issue were issued on 5 November 2020 and the Extraordinary General Meeting to obtain shareholders’ approval for the aforesaid proposals has been conducted earlier today on 27 November 2020 and all resolutions pertaining to the above proposals has been duly approved by the shareholders.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Tax Expenses

	Unaudited			
	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current tax	(180)	(123)	(570)	(326)
- Deferred tax liabilities	-	-	-	-
Foreign withholding tax	(111)	-	(236)	-
	<u>(291)</u>	<u>(123)</u>	<u>(806)</u>	<u>(326)</u>
Effective tax rates	1.24%	0.94%	1.34%	0.89%

The overall effective tax rate for the financial period of the Group was lower than the statutory tax rate of 24% 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, its 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. Due to complexity of the tax law, significant judgement is required in evaluating the tax positions, including uncertainties. There is no assurance of refundability. Thus, the Group has decided to expense the withholding tax to the profit or loss.

B7. Use of Proceeds from the Initial Public Offering (“IPO”)

The gross proceeds of RM73.05 million raised from the Public Issue and status of utilisation as at 30 September 2020 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	1,052	6%
Capital expenditure	Within 24 months	5,000	5,000	100%
R&D expenditure	Within 24 months	5,000	2,848	57%
Working capital	Within 30 months	36,548	36,548	100%
Repayment of bank borrowings	Within 3 months	4,500	4,500	100%
Estimated listing expenses	Immediately	4,000	4,000	100%
Total		<u>73,048</u>	<u>53,948</u>	<u>74%</u>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B8. Borrowings and Debt Securities

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

	Unaudited	
	30/09/2020	30/09/2019
	RM'000	RM'000
Secured:		
Current liabilities		
Hire purchase creditors	-	1,612
Term loans	1,402	209
	1,402	1,821
Non-current liabilities		
Hire purchase creditors	-	431
Term loans	17,562	18,973
	17,562	19,404
Total liabilities		
Hire purchase creditors	-	2,043
Term loans	18,964	19,182
	18,964	21,225

B9. Derivative Assets

The details of outstanding derivative instruments as at 30 September 2020 are as follow:

	Contract amount	Asset
	RM'000	RM'000
Forward Foreign Exchange Contracts:		
- Less than 1 year	5,151	12
	5,151	12

The Group's derivative assets 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B12. Earnings Per Share (“EPS”)

	Unaudited			
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30/09/2020	30/09/2019	30/09/2020	30/09/2019
Profit after tax attributable to owners of the parent (RM'000)	23,222	12,923	59,338	36,275
Weighted average number of ordinary shares in issue ('000)	626,000	626,000	626,000	408,442
Basic EPS (sen) ⁽¹⁾	3.71	2.06	9.48	8.88
Diluted EPS (sen) ⁽²⁾	3.71	2.06	9.48	8.88

(1) 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 under review.

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

B13. Profit Before Tax

Included in profit before tax for the financial period are the following income/(expense) items:

	Unaudited			
	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30/09/2020 RM'000	30/09/2019 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Amortisation of government grant	34	34	101	100
COVID-19 related rent concessions	-	-	22	-
Depreciation of property, plant and equipment	(986)	(892)	(2,737)	(2,223)
Depreciation of right-of-use assets	(513)	-	(1,472)	-
Fair value adjustment on derivative	15	(8)	3	(8)
Impairment losses on contract assets	(207)	-	(207)	-
Impairment losses on trade receivables	(711)	(306)	(711)	(306)
Interest expense	(258)	(285)	(719)	(542)
Interest income	114	205	472	481
Property, plant and equipment written off	-	-	-	(2)
Provision for warranties	(5,383)	(3,365)	(13,006)	(10,930)
Realised gain on foreign exchange	387	706	3,699	3,887
Reversal of impairment losses on trade receivables	419	555	180	523
Reversal of unused provision for warranties	4,801	-	8,268	-
Unrealised loss on foreign exchange	(1,262)	(193)	(1,101)	(1,677)