



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 2021**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 ⁽¹⁾

	Unaudited as at 31/12/2021 RM'000	Audited as at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	107,400	64,541
Right-of-use assets	71,885	29,826
	<u>179,285</u>	<u>94,367</u>
Current assets		
Inventories	12,322	11,671
Trade and other receivables	93,364	41,459
Contract assets	1,521	20,590
Derivative assets	7	4
Current tax assets	1,676	1,120
Short term funds	214,080	212,960
Cash and bank balances	106,348	72,570
	<u>429,318</u>	<u>360,374</u>
TOTAL ASSETS	<u>608,603</u>	<u>454,741</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	113,084	111,951
Reserves	317,955	174,795
TOTAL EQUITY	<u>431,039</u>	<u>286,746</u>
Non-current liabilities		
Borrowings	15,017	17,202
Lease liabilities	3,242	615
Deferred tax liabilities	8,626	6,002
Government grant	393	526
	<u>27,278</u>	<u>24,345</u>
Current liabilities		
Trade and other payables	45,178	40,165
Contract liabilities	69,055	58,349
Provision for warranties	34,408	42,447
Borrowings	1,100	1,416
Lease liabilities	412	1,140
Government grant	133	133
	<u>150,286</u>	<u>143,650</u>
TOTAL LIABILITIES	<u>177,564</u>	<u>167,995</u>
TOTAL EQUITY AND LIABILITIES	<u>608,603</u>	<u>454,741</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2021 ⁽¹⁾**

	Unaudited as at 31/12/2021	Audited as at 31/12/2020
Number of ordinary shares in issue ('000)	1,252,131	1,252,000
Net assets per share attributable to owners of the parent (RM)	0.34	0.23

- (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 2020 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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	75,384	76,346	402,217	261,126
Cost of sales	(38,208)	(40,434)	(232,280)	(147,643)
Gross profit	37,176	35,912	169,937	113,483
Other income	3,081	2,174	19,383	10,702
Administrative and marketing expenses	(9,868)	(7,935)	(43,410)	(33,171)
Finance cost	(130)	(219)	(668)	(938)
Profit before tax	30,259	29,932	145,242	90,076
Tax expense	(2,544)	(1,424)	(3,491)	(2,230)
Profit for the financial period/year	27,715	28,508	141,751	87,846
Other comprehensive (expense)/income				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	(2)	3	(72)	(4)
Item that will not be reclassified subsequently to profit or loss				
Revaluation surplus on property, plant and equipment and right-of-use assets	-	3,314	-	3,314
Total comprehensive income for the financial period/year attributable to owners of the parent	27,713	31,825	141,679	91,156
Earnings per ordinary share attributable to owners of the parent (sen)				
- Basic ⁽²⁾	2.21	2.28	11.32	7.02
- Diluted ⁽²⁾	2.21	2.28	11.32	7.02

(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 2020 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/year under review.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021 ⁽¹⁾

	Non-distributable				Distributable		
	Share capital RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Revaluation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2021	111,951	3	(39,500)	8,604	-	205,688	286,746
Profit for the financial year	-	-	-	-	-	141,751	141,751
Foreign currency translations	-	(72)	-	-	-	-	(72)
Other comprehensive expense, net of tax	-	(72)	-	-	-	-	(72)
Total comprehensive (expense)/ income	-	(72)	-	-	-	141,751	141,679
Realisation of revaluation surplus	-	-	-	(234)	-	234	-
Transactions with owners:							
Share-based payment transaction	-	-	-	-	1,898	-	1,898
Issuance of ordinary shares pursuant to ESOP ⁽²⁾	1,133	-	-	-	(417)	-	716
Total transactions with owners	1,133	-	-	-	1,481	-	2,614
Balance as at 31 December 2021	113,084	(69)	(39,500)	8,370	1,481	347,673	431,039
Balance as at 1 January 2020	111,951	7	(39,500)	5,464	-	117,668	195,590
Profit for the financial year	-	-	-	-	-	87,846	87,846
Gross revaluation increase of properties	-	-	-	4,360	-	-	4,360
Deferred tax relating to revalued properties	-	-	-	(1,046)	-	-	(1,046)
Foreign currency translations	-	(4)	-	-	-	-	(4)
Other comprehensive (expense)/ income, net of tax	-	(4)	-	3,314	-	-	3,310
Total comprehensive (expense)/ income	-	(4)	-	3,314	-	87,846	91,156
Realisation of revaluation surplus	-	-	-	(174)	-	174	-
Balance as at 31 December 2020	111,951	3	(39,500)	8,604	-	205,688	286,746

(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 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) ESOP - Employees' Share Option Plan

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021 ⁽¹⁾

	12 months ended	
	31/12/2021	31/12/2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	145,242	90,076
Adjustments for:		
Amortisation of government grant	(133)	(133)
Depreciation of:		
- property, plant and equipment	4,873	3,802
- right-of-use assets	2,214	1,930
Fair value adjustment on derivative assets	(3)	5
Gain on lease modification	(44)	(9)
Impairment losses on:		
- contract assets	36	332
- trade receivables	656	527
Interest expense	668	938
Interest income	(668)	(616)
Inventories written back	(4)	(18)
Inventories written down	17	12
Lease concessions	(23)	(22)
Loss on disposal of property, plant and equipment	25	-
Property, plant and equipment written off	255	7
Provision for warranties	12,559	17,187
Reversals of:		
- impairment losses on contract assets	(332)	-
- impairment losses on trade receivables	(527)	(180)
- revaluation deficit of property, plant and equipment	-	(937)
- unused provision for warranties	(20,598)	(11,863)
Share-based payment transaction	1,898	-
Unrealised loss on foreign exchange	2,508	4,049
Operating profit before changes in working capital	148,619	105,087
Increase in inventories	(664)	(8,800)
Increase in trade and other receivables	(52,615)	(11,824)
Decrease in contract assets	19,365	5,487
Increase in trade and other payables	4,933	12,109
Increase in contract liabilities	10,706	2,160
Warranties paid	-	(1)
Cash generated from operations	130,344	104,218
Interest paid	(584)	(841)
Interest received	668	616
Tax paid	(722)	(762)
Net cash from operating activities	129,706	103,231

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021 ⁽¹⁾

	12 months ended	
	31/12/2021	31/12/2020
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	373	-
Purchases of:		
- property, plant and equipment	(48,381)	(29,481)
- right-of-use assets	(41,099)	-
Net changes in deposits pledged with licensed banks	-	2,824
Net changes in deposits with licensed bank (more than three months)	(5,066)	(1,507)
Net cash used in investing activities	<u>(94,173)</u>	<u>(28,164)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
- issuance of ordinary shares	716	-
- term loans	16,500	490
Repayments of:		
- lease liabilities	(1,292)	(1,450)
- term loans	(19,001)	(1,001)
Net cash used in financing activities	<u>(3,077)</u>	<u>(1,961)</u>
Net changes in cash and cash equivalents	32,456	73,106
Effects of exchange rate changes on cash and cash equivalents	(2,624)	(4,192)
Cash and cash equivalents at beginning of financial year	<u>284,023</u>	<u>215,109</u>
Cash and cash equivalents at end of financial year	<u><u>313,855</u></u>	<u><u>284,023</u></u>
Cash and cash equivalents comprise the following at end of financial year:		
Cash and bank balances	99,775	71,063
Deposits with licensed bank (more than three months)	6,573	1,507
Short term funds	214,080	212,960
	<u>320,428</u>	<u>285,530</u>
Less: Deposits with licensed bank (more than three months)	<u>(6,573)</u>	<u>(1,507)</u>
	<u><u>313,855</u></u>	<u><u>284,023</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2021 ⁽¹⁾

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Term loans
	RM'000	RM'000
Balance as at 1 January 2021	1,755	18,618
Cash flows	(1,292)	(2,501)
Non-cash flows		
- addition of lease liabilities	3,924	-
- effects of lease modification	(817)	-
- lease concessions	(23)	-
- translation difference	23	-
- unwinding of interest	84	-
Balance as at 31 December 2021	<u>3,654</u>	<u>16,117</u>

	Lease liabilities	Term loans
	RM'000	RM'000
Balance as at 1 January 2020	3,517	19,129
Cash flows	(1,450)	(511)
Non-cash flows		
- effects of lease modification	(387)	-
- lease concessions	(22)	-
- unwinding of interest	97	-
Balance as at 31 December 2020	<u>1,755</u>	<u>18,618</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 2020 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 Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2020 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 year

Title	Effective date
Amendments to MFRSs 4, 7, 9, 16 and 139 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021

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 2022

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 contained in the document entitled “Annual Improvements to MFRS Standards 2018–2020”</i>	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>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 2020.

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.

The Company had issued 76,000 and 130,700 new ordinary shares at an exercise price of RM5.475 pursuant to the Employees' Share Option Plan ("ESOP") for the current financial quarter and financial year respectively.

A8. Dividend Paid

There was no dividend paid during the current financial quarter and financial year 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 respectively is performed by an independent professional valuer using the open market value basis on 31 December 2020.

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

Save as disclosed below, 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.

On 17 and 26 January 2022, the Company has during both times offered 2,000,000 share grant with 4-year vesting period to eligible employees at RM5.07 and RM4.80 respectively.

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 and financial year under review.

In November 2021, the wholly-owned subsidiary of the Group, Greatech Integration (M) Sdn. Bhd. has incorporated a new wholly-owned subsidiary, namely GT Integration (Philippines) Inc.

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 31 December 2021, the Group does not have any material capital commitments:

Property, Plant and Equipment	RM'000
- Approved and contracted for	<u>74,506</u>

Capital commitments of the Group relate to the land and building cost for its new operational facilities, plant and machinery, tools and equipment, furniture and fittings, electrical installations, office equipment, renovations and computer systems.

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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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

B1. Review of Group's Performance

Comparison with prior year corresponding quarter results

The Group's revenue of RM75.38 million for the current financial quarter were 1.26% or RM0.96 million lower than that of prior year corresponding quarter. The slight decrease was attributable to the lower revenue recognised in production line systems ("PLS") despite a higher revenue recognised from single automated equipment and provision of spare parts and services.

The Group has recorded a higher gross profit ("GP") and gross profit margin ("GP margin") of RM37.18 million and 49.32% respectively, as compared to RM35.91 million and 47.04% respectively in the prior year corresponding quarter mainly due to reversal of unused provision of warranties.

Despite a higher GP recorded, the Group's profit before tax ("PBT") for the current financial quarter has increased by RM0.33 million or 1.09% as compared to the prior year corresponding quarter. The increase was primarily contributed from the increased GP and reversals of impairment losses on trade receivables and contract assets during the current financial quarter which were net off by the reversal of provision of employees' incentive expenses in the prior year corresponding quarter.

Comparison with prior year cumulative quarter results

The Group's cumulative revenue has increased by RM141.09 million or 54.03% from RM261.13 million in 2020 to RM402.22 million in 2021. The increase was mainly attributable to the higher revenue recorded from PLS for the EV energy storage industry.

The Group's PBT has increased significantly by RM55.17 million or 61.24% from RM90.08 million in 2020 to RM145.24 million in 2021. This was due to higher other income mainly arising from the increase in realised foreign exchange gain. Although the Group recorded a higher administrative and marketing expenses of RM43.41 million in 2021 as compared to RM33.17 million in 2020 primarily driven by the higher employee benefits expenses from the increased employee headcount, the administrative and marketing expenses as a percentage of revenue has dropped from 12.70% in 2020 to 10.79% this year, contributing to a higher PBT margin of 36.11% as compared to 34.50% a year earlier.

B2. Comparison with Immediate Preceding Quarter's Results

The Group's revenue for the current financial quarter ended 31 December 2021 has decreased by RM19.95 million or 20.93% as compared to the preceding financial quarter ended 30 September 2021. This was mainly attributable to the lower revenue contribution from PLS due to delay and shortage of components and materials from pandemic-inflicted supply chain disruptions.

Despite the decrease of revenue, the Group's GP increased by RM3.07 million, mainly due to increase in GP Margin from 35.78% in preceding financial quarter to 49.32% in current financial quarter mainly contributed by reversal of unused warranty. For informational purpose, the normalised GP margin without the net warranty impact is 39.73% and 36.52% for current financial quarter and preceding quarter respectively.

The PBT of the Group for the current financial quarter was higher by RM1.05 million, there was an increase in PBT margin from 30.64% to 40.14%, the normalised PBT margin without the net warranty impact is 30.55% for current financial quarter compare to 31.38% preceding quarter.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on Prospects

Considering the disruptions and taking the recorded results from 2020 as comparison, the Group delivered a highly resilient result in 2021, demonstrating strong customer demand for our products, quality of our businesses and our people.

The Group will continue to focus on capturing the opportunities from the global demand rebound, broaden offering to customers and disciplined cost control to drive further improvements. The Group remains cautious about supply chain disruptions and other challenges posed by COVID-19 pandemic.

The Group business is well placed in sectors that are transforming rapidly for sustainable development. Although much uncertainty remains, the Group's prospects remain positive, underpinned by long term growth factors in our target markets.

On top of the capital expenditure allocated in 2021, the Group has allocated a further RM13.14 million for its targeted capital expenditure investment in 2022 to support operating and growth requirements.

With the continued strong demand across our markets, particularly in e-mobility, the Group's revenue in 2022 is expecting to derive mainly from electric vehicle energy storage ("EV energy storage"), solar and medical sectors. As of 23 February 2022, the Group's accumulated outstanding order book stood at RM546.65 million, which is expected to last until first half of 2023.

B4. Profit Forecast

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

B5. Status of Corporate Proposals

There were no corporate proposals announced but not completed for the current financial quarter under review.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current tax	315	435	(165)	(135)
- Deferred tax	(2,625)	(1,817)	(2,625)	(1,817)
Withholding tax expense	(234)	(42)	(701)	(278)
	<u>(2,544)</u>	<u>(1,424)</u>	<u>(3,491)</u>	<u>(2,230)</u>
Effective tax rate	8.41%	4.76%	2.40%	2.48%

The overall effective tax rate for the financial period/year 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/year is exempted from income tax.

Withholding tax expense is related to foreign 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 statement of profit or loss and other comprehensive income.

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 31 December 2021 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	8,372	47%
Capital expenditure	Within 24 months	5,000	5,000	100%
R&D expenditure	Within 24 months	5,000	5,000	100%
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		73,048	63,420	87%

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	
	31/12/2021	31/12/2020
	RM'000	RM'000
Secured:		
Current liabilities		
Term loans	1,100	1,416
Non-current liabilities		
Term loans	15,017	17,202
Total liabilities		
Term loans	16,117	18,618

B9. Derivative Asset

The details of outstanding derivative instruments as at 31 December 2021 are as follow:

	Contract amount	Asset
	RM'000	RM'000
Forward Foreign Exchange Contract:		
- Less than 1 year	1,267	7

The Group's derivative asset at the end of the current financial year comprise forward foreign exchange contract which is used to manage the foreign currency exposures arising from the Group's receivables denominated in USD. The fair value of the forward foreign exchange contract 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.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B12. Earnings Per Ordinary Share (“EPS”)

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
Profit after tax attributable to owners of the parent (RM'000)	27,715	28,508	141,751	87,846
Basic				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,252,102	1,252,000	1,252,031	1,252,000
Basic EPS (sen) ⁽²⁾	2.21	2.28	11.32	7.02
Diluted				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,252,102	1,252,000	1,252,031	1,252,000
Effect of dilution due to employee share option plan ('000)	83	-	21	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,252,185	1,252,000	1,252,052	1,252,000
Diluted EPS (sen) ⁽³⁾	2.21	2.28	11.32	7.02

- (1) Includes the retrospective effect of bonus issue of 626,000,000 bonus shares listed on 11 January 2021. Excluding this, the basic and diluted EPS for the individual and cumulative financial period/year ended 31 December 2020 was 4.55 sen and 14.03 sen respectively.
- (2) Basic EPS for the financial period/year is calculated by dividing the profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period/year.
- (3) Diluted EPS for the financial period/year is calculated by dividing the profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period/year adjusted for the effects of dilutive potential ordinary shares.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B13. Profit Before Tax

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

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2021 RM'000	31/12/2020 RM'000	31/12/2021 RM'000	31/12/2020 RM'000
Amortisation of government grant	34	32	133	133
Depreciation of:				
- property, plant and equipment	(1,475)	(1,065)	(4,873)	(3,802)
- right-of-use assets	(551)	(458)	(2,214)	(1,930)
Fair value adjustment on derivative assets/liabilities	51	(8)	3	(5)
Gain on lease modification	41	9	44	9
Impairment losses on:				
- contract assets	(36)	(332)	(36)	(332)
- trade receivables	(656)	(527)	(656)	(527)
Interest expense	(130)	(219)	(668)	(938)
Interest income	154	144	668	616
Inventories written back	4	18	4	18
Inventories written down	(17)	(12)	(17)	(12)
Lease concessions	-	-	23	22
Loss on disposal of property, plant and equipment	-	-	(25)	-
Property, plant and equipment written off	-	(7)	(255)	(7)
Provision for warranties	(2,244)	(4,181)	(12,559)	(17,187)
Realised gain on foreign exchange	3,068	1,194	13,131	4,893
Reversals of:				
- impairment losses on contract assets	636	-	332	-
- impairment losses on trade receivables	3,631	711	527	180
- revaluation deficit of property, plant and equipment	-	937	-	937
- unused provision for warranties	9,470	3,595	20,598	11,863
Share-based payment transaction	-	-	(1,898)	-
Unrealised loss on foreign exchange	(3,946)	(2,948)	(2,508)	(4,049)

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