



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 2023**

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 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023 ⁽¹⁾**

	Unaudited as at 30/09/2023 RM'000	Audited as at 31/12/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	262,147	193,615
Right-of-use assets	96,423	97,942
	<u>358,570</u>	<u>291,557</u>
Current assets		
Inventories	42,500	21,968
Trade and other receivables	134,465	111,316
Contract assets	146,549	193,607
Current tax assets	-	1,744
Short term funds	67,420	108,304
Cash and bank balances	203,132	218,355
	<u>594,066</u>	<u>655,294</u>
TOTAL ASSETS	<u>952,636</u>	<u>946,851</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	119,434	116,585
Reserves	588,399	470,180
TOTAL EQUITY	<u>707,833</u>	<u>586,765</u>
Non-current liabilities		
Borrowings	13,092	13,917
Lease liabilities	2,835	3,046
Deferred tax liabilities	9,217	9,217
Government grant	162	260
	<u>25,306</u>	<u>26,440</u>
Current liabilities		
Trade and other payables	79,667	67,789
Contract liabilities	107,736	237,356
Provision for warranties	21,951	26,752
Borrowings	1,100	1,100
Lease liabilities	595	516
Government grant	133	133
Current tax liability	8,315	-
	<u>219,497</u>	<u>333,646</u>
TOTAL LIABILITIES	<u>244,803</u>	<u>360,086</u>
TOTAL EQUITY AND LIABILITIES	<u>952,636</u>	<u>946,851</u>

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(Company No. 201801008633 (1270647-H))

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The Third Quarter Ended 30 September 2023



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 SEPTEMBER 2023 ⁽¹⁾**

	Unaudited as at 30/09/2023	Audited as at 31/12/2022
Number of ordinary shares in issue ('000)	1,253,572	1,252,837
Net assets per share attributable to owners of the parent (RM)	0.5647	0.4683

- (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 2022 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 2023 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	224,821	156,851	504,110	377,104
Cost of sales	(161,000)	(107,264)	(358,131)	(264,341)
Gross profit	63,821	49,587	145,979	112,763
Other income	2,075	6,399	24,014	19,988
Net (losses)/gain on impairment of financial assets	(2,385)	(84)	(3,441)	510
Administrative and marketing expenses	(13,237)	(14,536)	(44,654)	(36,949)
Finance cost	(163)	(137)	(484)	(388)
Profit before tax	50,111	41,229	121,414	95,924
Taxation	(3,449)	(262)	(8,593)	(860)
Profit for the financial period	46,662	40,967	112,821	95,064
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	(8)	(562)	(745)	(1,010)
Total comprehensive income for the financial period attributable to owners of the parent	46,654	40,405	112,076	94,054
Earnings per ordinary share attributable to owners of the parent (sen)				
- Basic ⁽²⁾	3.72	3.27	9.00	7.59
- Diluted ⁽²⁾	3.71	3.27	8.97	7.59

(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 2022 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023 ⁽¹⁾

	Non-distributable				Distributable			
	Share capital RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Revaluation reserve RM'000	Share grant reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2023	116,585	(402)	(39,500)	25,348	3,450	1,138	480,146	586,765
Profit for the financial year	-	-	-	-	-	-	112,821	112,821
Foreign currency translations	-	(745)	-	-	-	-	-	(745)
Other comprehensive income, net of tax	-	(745)	-	-	-	-	-	(745)
Total comprehensive income	-	(745)	-	-	-	-	112,821	112,076
Realisation of revaluation surplus	-	-	-	(454)	-	-	454	-
Transactions with owners:								
Issuance of ordinary shares pursuant to ESGP ⁽²⁾	2,849	-	-	-	(2,849)	-	-	-
ESGP ⁽²⁾ expenses	-	-	-	-	8,992	-	-	8,992
Share options lapsed pursuant to ESOP ⁽³⁾	-	-	-	-	-	(1,138)	1,138	-
Total transactions with owners	2,849	-	-	-	6,143	(1,138)	1,138	8,992
Balance as at 30 September 2023	119,434	(1,147)	(39,500)	24,894	9,593	-	594,559	707,833
Balance as at 1 January 2022	113,084	(69)	(39,500)	8,370	-	1,481	347,673	431,039
Profit for the financial year	-	-	-	-	-	-	95,064	95,064
Foreign currency translations	-	(1,010)	-	-	-	-	-	(1,010)
Other comprehensive income, net of tax	-	(1,010)	-	-	-	-	-	(1,010)
Total comprehensive income	-	(1,010)	-	-	-	-	95,064	94,054
Realisation of revaluation surplus	-	-	-	(184)	-	-	184	-
Transactions with owners:								
ESGP ⁽²⁾ expenses	-	-	-	-	3,463	-	-	3,463
Issuance of ordinary shares pursuant to ESOP ⁽³⁾	38	-	-	-	-	(309)	295	24
Total transactions with owners	38	-	-	-	3,463	(309)	295	3,487
Balance as at 30 September 2022	113,122	(1,079)	(39,500)	8,186	3,463	1,172	443,216	528,580

(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 2022 and the accompanying explanatory notes attached to this interim financial report.

(2) ESGP - Employees' Share Grant Plan

(3) ESOP - Employees' Share Option Plan

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023 ⁽¹⁾

	9 months ended	
	30/09/2023	30/09/2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	121,414	95,924
Adjustments for:		
Amortisation of government grant	(98)	(99)
Depreciation of:		
- property, plant and equipment	9,223	5,995
- right-of-use assets	1,796	1,352
Fair value adjustment on derivative assets	-	7
Loss on lease modification	129	-
Interest expense	484	388
Interest income	(5,559)	(655)
Loss on disposal of property, plant and equipment	-	24
Net losses on impairment of:		
- contract assets	907	128
- trade receivables	2,416	(638)
Property, plant and equipment written off	4	481
Provision for warranties	4,808	8,673
Reversal of unused provision for warranties	(9,609)	(6,642)
Share grant expenses	8,992	3,463
Unrealised gain on foreign exchange	(2,883)	(5,805)
	<hr/>	<hr/>
Operating profit before changes in working capital	132,024	102,596
Increase in inventories	(20,532)	(43,963)
(Increase)/Decrease in trade and other receivables	(21,889)	12,089
Decrease/(Increase) in contract assets	46,151	(96,299)
Increase in trade and other payables	12,134	59,497
Decrease in contract liabilities	(129,620)	(40,530)
	<hr/>	<hr/>
Cash generated from operations	18,268	(6,610)
Interest paid	(436)	(340)
Interest received	5,559	655
Tax paid	(231)	(468)
Tax refunded	1,713	-
	<hr/>	<hr/>
Net cash from operating activities	24,873	(6,763)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023 ⁽¹⁾

	9 months ended	
	30/09/2023	30/09/2022
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	-	22
Purchases of:		
- property, plant and equipment	(78,028)	(76,803)
- right-of-use assets	(128)	(17,835)
	<u>(78,156)</u>	<u>(94,616)</u>
Net cash used in investing activities	<u>(78,156)</u>	<u>(94,616)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
- issuance of ordinary shares	-	24
Repayments of:		
- lease liabilities	(464)	(384)
- term loans	(825)	(825)
	<u>(1,289)</u>	<u>(1,185)</u>
Net cash used in financing activities	<u>(1,289)</u>	<u>(1,185)</u>
Net changes in cash and cash equivalents	(54,572)	(102,564)
Effects of exchange rate changes	(1,535)	6,016
Cash and cash equivalents at beginning of financial period	<u>326,659</u>	<u>320,428</u>
Cash and cash equivalents at end of financial period	<u><u>270,552</u></u>	<u><u>223,880</u></u>
Cash and cash equivalents comprise the following at end of financial period:		
Cash and bank balances	203,132	82,923
Short term funds	67,420	140,957
	<u>270,552</u>	<u>223,880</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023 ⁽¹⁾

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Term loans
	RM'000	RM'000
Balance as at 1 January 2023	3,562	15,017
Cash flows	(464)	(825)
Non-cash flows		
- addition of lease liabilities	81	-
- translation difference	203	-
- unwinding of interest	48	-
Balance as at 30 September 2023	<u>3,430</u>	<u>14,192</u>

	Lease liabilities	Term loans
	RM'000	RM'000
Balance as at 1 January 2022	3,654	16,117
Cash flows	(384)	(825)
Non-cash flows		
- addition of lease liabilities	28	-
- effects of lease modification	(1)	-
- translation difference	385	-
- unwinding of interest	48	-
Balance as at 30 September 2022	<u>3,730</u>	<u>15,292</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 2022 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 2022 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
MFRS 17 <i>Insurance Contracts</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 101 <i>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - 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
Amendment to MFRS 101 <i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendment to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

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 2024

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
Amendment to MFRS 16 <i>Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendment to MFRS 101 <i>Presentation of Financial Statements - Non-Current Liabilities with Covenants</i>	1 January 2024
Amendment to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendment to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
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 2022.

A4. Seasonal or Cyclical Factors

The Group did not experience any material seasonality or cyclicality 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

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

On 12 July 2023, the Group had issued 734,300 new ordinary shares at an exercise price of RM3.88 pursuant to the Employees' Share Grant Plan ("ESGP") for the financial period 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 on its leasehold buildings and leasehold land classified under Property, Plant and Equipment ("PPE") and Right-Of-Use ("ROU") assets respectively, are performed by an independent professional valuer using the open market value basis on 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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.

A12. Changes in Group's Composition

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

A14. Capital Commitments

Save as disclosed below, as at 30 September 2023, the Group does not have any material capital commitments:

Property, Plant and Equipment	RM'000
- Approved and contracted for	<u>151,714</u>

Capital commitments of the Group relate to the construction of new operational facility at Batu Kawan Industrial Park, computer systems, motor vehicle, plant and machinery, office equipment and tools and equipment.

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 Main Market Listing Requirements of Bursa Securities

B1. Review of Group's Performance

	Individual Quarter 3 Months Ended		Changes		Cumulative Quarter 9 Months Ended		Changes	
	30/09/2023	30/09/2022			30/09/2023	30/09/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	224,821	156,851	67,970	43.33%	504,110	377,104	127,006	33.68%
Cost Of Goods Sold	(161,000)	(107,264)			(358,131)	(264,341)		
Gross Profit ("GP")	63,821	49,587	14,234	28.71%	145,979	112,763	33,216	29.46%
Other Operating Expenses	(13,710)	(8,358)			(24,565)	(16,839)		
Profit Before Tax ("PBT")	50,111	41,229	8,882	21.54%	121,414	95,924	25,490	26.57%
GP %	28.39%	31.61%			28.96%	29.90%		
PBT %	22.29%	26.29%			24.08%	25.44%		

Comparison with prior year corresponding quarter's results

The Group's revenue of RM224.82 million for the current financial quarter ended 30 September 2023 ("3Q2023") were RM67.97 million or 43.33% higher than that of preceding financial quarter ended 30 September 2022 ("3Q2022"). The increase was mainly attributable to the higher revenue recognised from Production Line System ("PLS") of the E-Mobility, Life Science and Solar industries.

The Group has recorded a gross profit ("GP") of RM63.82 million and gross profit margin ("GP margin") of 28.39% in 3Q2023 as compared to RM49.59 million and 31.61% respectively in 3Q2022. The normalised GP margin without the net warranty impact was 29.01% and 31.38% respectively for 3Q2023 and 3Q2022. The decrease in current normalised GP margin was mainly due to the increased in project expenditures as the projects were in the fabrication and assembly stage and a revised plan for commissioning of the PLS from certain customers that resulted in the delay in revenue recognition.

The Group's profit before tax ("PBT") for the 3Q2023 was RM50.11 million, increased by RM8.88 million or 21.54% compared to the 3Q2022. Despite a higher PBT recorded, the Group's profit before tax margin ("PBT margin") has decreased from 26.29% to 22.29%. The normalised PBT margin without the net warranty impact was 22.92% and 26.05% respectively for 3Q2023 and 3Q2022. The decrease in normalised PBT margin was mainly due to (i) the decrease in GP margin, (ii) increase in net foreign exchange losses, and (iii) net loss on impairment of financial asset, offset by increase in interest income from short term funds.

Comparison with prior year corresponding cumulative quarter's results

The Group reported revenue of RM504.11 million for the nine-month financial period ended 30 September 2023 ("9M2023"), 33.68% higher than the RM377.10 million recorded in the previous corresponding period ended 30 September 2022 ("9M2022"). The increase was mainly attributable to the higher revenue recognised from the PLS of the E-Mobility, Life Science and Solar industries.

The Group's GP increased to RM145.98 million with a GP margin of 28.96% for the 9M2023. The normalised GP margin without the net warranty impact was 28.01% and 30.44% respectively for the 9M2023 and 9M2022. The higher GP was driven by the higher revenue contribution as explained above. The decrease in normalised GP margin was mainly due to (i) increase in project expenditures as the projects were in the fabrication and assembly stage, (ii) a revised plan for commissioning of the PLS from certain customers that resulted in the delay in revenue recognition, and (iii) higher employees' compensation and benefit expenses from increased headcounts.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B1. Review of Group's Performance (Continued)

Comparison with prior year corresponding cumulative quarter's results (Continued)

The Group's reported PBT of RM121.41 million for the 9M2023, RM25.49 million or 26.57% higher than the RM95.92 million recorded in the 9M2022. The normalised PBT margin without net warranty impact was 23.13% and 25.98% respectively for the 9M2023 and 9M2022. The increase in PBT was primarily contributed by the increase in GP of RM33.22 million and the increase in interest income of RM4.90 million, partially offset by the increase in employee benefits expenses of RM5.53 million arising from Long Term Incentive Plan and expansion related expenses of RM3.25 million.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes	
	30/09/2023	30/06/2023	RM'000	%
	RM'000	RM'000		
Revenue	224,821	165,605	59,216	35.76%
Cost Of Goods Sold	(161,000)	(128,394)		
Gross Profit ("GP")	63,821	37,211	26,610	71.51%
Other Operating (Expenses)/Income	(13,710)	6,175		
Profit Before Tax ("PBT")	50,111	43,386	6,725	15.50%
GP %	28.39%	22.47%		
PBT %	22.29%	26.20%		

The Group's revenue for the current financial quarter ended 30 September 2023 ("**3Q2023**") has increased by RM59.22 million or 35.76% as compared to the immediate preceding financial quarter ended 30 June 2023 ("**2Q2023**"). This was mainly attributable to the higher revenue recognised from the PLS of the E-Mobility and Solar industries.

The Group has recorded a higher GP and GP margin of RM63.82 million and 28.39%, as compared to 2Q2023 of RM37.21 million and 22.47% respectively. The normalised GP margin without the net warranty impact was 29.01% and 22.79% respectively for 3Q2023 and 2Q2023. The increase in 3Q2023 normalised GP margin was mainly due to lower bonus payment in 3Q2023.

The PBT of the Group for the 3Q2023 has increased by RM6.73 million from RM43.39 million to RM50.11 million. Despite the higher PBT recorded by the Group, the normalised PBT margin has dropped from 26.51% to 22.92%. The decrease in normalised PBT margin was due to the increase in net foreign exchange losses, offset by a lower bonus payment in 3Q2023.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on Prospects

Although global authorities acted decisively in containing the financial turbulence, the global economy recovery remains slow and uneven across regions due to the long-term consequences of pandemic, geopolitical tensions and geoeconomic fragmentation. The Group remains mindful of the challenging global outlook in the near term due to climate and geopolitical shocks, global government's fiscal and monetary policies, and inflation.

Amidst dynamic market landscapes, the outlook of the market in which the Group operate remains positive driven by technological change that shape the sustainable future of mobility and energy globally. It is essential that the Group building capacity, investing in talented workforce and resources to ready for future ramp. Although this had a short-term pressure on profitability and financial results but was important for staying put to the Group long term strategic plan. The Group's accelerated growth strategy through increasing customer intimacy continues to lead increasing order book. The Group is confident to generate more orders in 2024 especially in E-Mobility and Solar industry.

As of 10 November 2023, the Group's outstanding order book stood at approximately RM1.07 billion and is expected to last until first half of 2025.

B4. Profit Forecast

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

B5. Status of Corporate Proposals

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current expense	(3,433)	(153)	(8,577)	(408)
- Deferred tax	-	-	-	-
Withholding tax expense	(16)	(109)	(16)	(452)
	<u>(3,449)</u>	<u>(262)</u>	<u>(8,593)</u>	<u>(860)</u>
Effective tax rate	6.88%	0.64%	7.08%	0.90%

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 for certain activities in designing and manufacturing of production line system and single automated equipment, which fall within the list of promoted activities and products by Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986.

During the cumulative quarter year to date ended, the increase of the effective tax rate was due to the expiration of the pioneer status on 28 March 2023 for certain products which resulted in the statutory income subjected to tax. The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products.

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 30 September 2023 is disclosed in the following manner:

Purposes	Estimated time	Proposed utilisation	Actual utilisation	Percentage utilised
	frame for utilisation upon Listing			
		RM'000	RM'000	%
Business expansion and development, and marketing activities	Within 48 months	18,000	18,000	100%
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	73,048	100%

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

All proceeds from the Group's listing exercise had been fully utilised as at 31 March 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B8. Borrowings and Debt Securities

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

	Unaudited	
	30/09/2023	30/09/2022
	RM'000	RM'000
Secured:		
Current liabilities		
Term loans	1,100	1,100
Non-current liabilities		
Term loans	13,092	13,917
Total liabilities		
Term loans	14,192	15,017

B9. Material Litigation

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

B10. 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

B11. Earnings Per Ordinary Share (“EPS”)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
Profit after tax attributable to owners of the parent (RM'000)	46,662	40,967	112,821	95,064
Basic				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,253,484	1,252,135	1,253,055	1,252,135
Basic EPS (sen) ⁽²⁾	3.72	3.27	9.00	7.59
Diluted				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,253,484	1,252,135	1,253,055	1,252,135
Effect of dilution due to employee share grant plan ('000) ⁽³⁾	4,568	-	4,568	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,258,052	1,252,135	1,257,623	1,252,135
Diluted EPS (sen) ⁽³⁾	3.71	3.27	8.97	7.59

- (1) Basic EPS for the financial period 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.
- (2) Diluted EPS for the financial period 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 adjusted for the effects of dilutive potential ordinary shares.
- (3) Diluted loss per ordinary share equal basic loss per ordinary share as the effect on the basic loss per ordinary share is anti-dilutive.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B12. Profit Before Tax

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

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
Amortisation of government grant	33	33	98	99
Depreciation of:				
- property, plant and equipment	(3,384)	(2,295)	(9,223)	(5,995)
- right-of-use assets	(670)	(464)	(1,796)	(1,352)
Fair value adjustment on derivative assets	-	-	-	(7)
Interest expense	(163)	(137)	(484)	(388)
Interest income	2,495	246	5,586	655
Loss on lease modification	(137)	-	(129)	-
Loss on disposal of property, plant and equipment	-	(6)	-	(24)
Net gains/(losses) on impairment of:				
- contract assets	(2,308)	(104)	(907)	(128)
- trade receivables	41	20	(2,416)	638
Property, plant and equipment written off	-	(166)	(4)	(481)
Provision for warranties	(2,027)	(3,154)	(4,808)	(8,673)
Realised gain on foreign exchange	3,818	2,715	11,244	8,387
Reversal of unused provision for warranties	618	3,526	9,609	6,642
Share grant expenses	(1,888)	(995)	(8,992)	(3,463)
Unrealised (loss)/gain on foreign exchange	(5,277)	1,159	2,883	5,805

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