



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

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
30 JUNE 2024**

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

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The Second Quarter Ended 30 June 2024



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2024 ⁽¹⁾**

	Unaudited as at 30/6/2024 RM'000	Audited as at 31/12/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	397,307	343,603
Right-of-use assets	99,488	100,404
Intangible assets	2,483	2,483
Goodwill on consolidation	9,223	9,223
	<u>508,501</u>	<u>455,713</u>
Current assets		
Inventories	61,925	52,989
Trade and other receivables	113,205	162,845
Contract assets	134,780	137,957
Derivative assets	-	262
Current tax assets	752	683
Short term funds	59,849	33,899
Cash and bank balances	256,392	153,954
	<u>626,903</u>	<u>542,589</u>
TOTAL ASSETS	<u>1,135,404</u>	<u>998,302</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	122,530	122,530
Reserves	712,465	628,855
TOTAL EQUITY	<u>834,995</u>	<u>751,385</u>
Non-current liabilities		
Borrowings	12,267	12,817
Lease liabilities	5,608	5,725
Deferred tax liabilities	9,622	9,379
Government grant	101	128
	<u>27,598</u>	<u>28,049</u>
Current liabilities		
Trade and other payables	111,833	120,105
Contract liabilities	138,381	76,153
Provision for warranties	17,719	16,289
Borrowings	1,100	1,673
Lease liabilities	1,831	1,652
Government grant	94	133
Derivative liabilities	134	78
Current tax liability	1,719	2,785
	<u>272,811</u>	<u>218,868</u>
TOTAL LIABILITIES	<u>300,409</u>	<u>246,917</u>
TOTAL EQUITY AND LIABILITIES	<u>1,135,404</u>	<u>998,302</u>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2024 ⁽¹⁾**

	Unaudited as at 30/6/2024	Audited as at 31/12/2023
Number of ordinary shares in issue ('000)	1,254,199	1,254,199
Net assets per share attributable to owners of the parent (RM)	0.6658	0.5991

⁽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 2023 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 SECOND QUARTER ENDED 30 JUNE 2024 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30/6/2024	30/06/2023	30/6/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Revenue	205,882	165,605	357,745	279,289
Cost of sales	<u>(137,370)</u>	<u>(128,394)</u>	<u>(253,370)</u>	<u>(197,131)</u>
Gross profit	68,512	37,211	104,375	82,158
Other income	2,675	19,561	19,516	21,939
Net gains/(losses) on impairment of financial assets	646	1,782	2,753	(1,056)
Administrative and marketing expenses	(19,243)	(15,008)	(39,210)	(31,417)
Finance cost	<u>(240)</u>	<u>(160)</u>	<u>(484)</u>	<u>(321)</u>
Profit before tax	52,350	43,386	86,950	71,303
Taxation	<u>(3,964)</u>	<u>(5,086)</u>	<u>(6,530)</u>	<u>(5,144)</u>
Profit for the financial period	48,386	38,300	80,420	66,159
Other comprehensive expense				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	<u>(19)</u>	<u>(766)</u>	<u>(300)</u>	<u>(737)</u>
Total comprehensive income for the financial period attributable to owners of the parent	<u>48,367</u>	<u>37,534</u>	<u>80,120</u>	<u>65,422</u>
Earnings per ordinary share attributable to owners of the parent (sen)				
- Basic ⁽²⁾	<u>3.86</u>	<u>3.06</u>	<u>6.41</u>	<u>5.28</u>
- Diluted ⁽²⁾	<u>3.85</u>	<u>3.04</u>	<u>6.39</u>	<u>5.26</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 2023 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 SECOND QUARTER ENDED 30 JUNE 2024 ⁽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 2024	122,530	(799)	(39,500)	24,722	8,159	-	636,273	751,385
Profit for the financial period	-	-	-	-	-	-	80,420	80,420
Foreign currency translations	-	(300)	-	-	-	-	-	(300)
Other comprehensive income, net of tax	-	(300)	-	-	-	-	-	(300)
Total comprehensive income	-	(300)	-	-	-	-	80,420	80,120
Realisation of revaluation surplus	-	-	-	(300)	-	-	300	-
Transactions with owners:								
ESGP ⁽²⁾ expenses	-	-	-	-	3,490	-	-	3,490
Total transactions with owners	-	-	-	-	3,490	-	-	3,490
Balance as at 30 June 2024	122,530	(1,099)	(39,500)	24,422	11,649	-	716,993	834,995
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 period	-	-	-	-	-	-	66,159	66,159
Foreign currency translations	-	(737)	-	-	-	-	-	(737)
Other comprehensive income, net of tax	-	(737)	-	-	-	-	-	(737)
Total comprehensive income	-	(737)	-	-	-	-	66,159	65,422
Realisation of revaluation surplus	-	-	-	(228)	-	-	228	-
Transactions with owners:								
ESGP ⁽²⁾ expenses	-	-	-	-	7,104	-	-	7,104
Share options lapsed pursuant to ESOP ⁽³⁾	-	-	-	-	-	(1,138)	1,138	-
Total transactions with owners	-	-	-	-	7,104	(1,138)	1,138	7,104
Balance as at 30 June 2023	116,585	(1,139)	(39,500)	25,120	10,554	-	547,671	659,291

⁽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 2023 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 SECOND QUARTER ENDED 30 JUNE 2024 ⁽¹⁾

	Notes	6 months ended	
		30/6/2024 RM'000	30/06/2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		86,950	71,303
Adjustments for:			
Amortisation of government grant		(66)	(65)
Depreciation of:			
- property, plant and equipment		7,849	5,839
- right-of-use assets		1,841	1,126
Fair value adjustment on derivative assets		318	-
Gain on lease modification		-	(8)
Interest expense		484	321
Interest income		(4,036)	(3,091)
Net (gains)/losses on impairment of:			
- contract assets		(376)	(1,401)
- trade receivables		(4,455)	2,457
Property, plant and equipment written off		-	4
Provision for warranties		3,006	2,781
Reversal of unused provision for warranties		(1,576)	(8,991)
Share grant expenses		3,490	7,104
Unrealised loss/(gain) on foreign exchange		4,669	(8,160)
Operating profit before changes in working capital		98,098	69,219
Increase in inventories		(8,936)	(39,860)
Decrease/(Increase) in trade and other receivables		56,855	(116,701)
Decrease in contract assets		3,553	135,456
(Decrease)/Increase in trade and other payables		(8,532)	24,160
Increase/(Decrease) in contract liabilities		62,228	(46,304)
Cash generated from operations		203,266	25,970
Interest paid		(331)	(289)
Interest received		4,036	3,091
Tax paid		(7,423)	(145)
Tax refunded		-	1,713
Net cash from operating activities		199,548	30,340

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 ⁽¹⁾

	6 months ended	
	30/6/2024	30/06/2023
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of:		
- property, plant and equipment	(61,524)	(15,956)
- right-of-use assets	-	8
	<u>(61,524)</u>	<u>(15,948)</u>
Net cash used in investing activities	<u>(61,524)</u>	<u>(15,948)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of:		
- lease liabilities	(1,053)	(303)
- term loans	(618)	(550)
	<u>(1,671)</u>	<u>(853)</u>
Net cash used in financing activities	<u>(1,671)</u>	<u>(853)</u>
Net changes in cash and cash equivalents	136,353	13,539
Effects of exchange rate changes	(7,470)	1,949
Cash and cash equivalents at beginning of financial period	<u>187,358</u>	<u>326,659</u>
Cash and cash equivalents at end of financial period	<u><u>316,241</u></u>	<u><u>342,147</u></u>
Cash and cash equivalents comprise the following at end of financial period:		
Cash and bank balances	256,392	223,407
Short term funds	59,849	118,740
	<u><u>316,241</u></u>	<u><u>342,147</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2024 ⁽¹⁾

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities RM'000	Term loans RM'000
Balance as at 1 January 2024	7,377	13,995
Cash flows	(1,053)	(618)
Non-cash flows		
- addition of lease liabilities	871	-
- effects of lease modification	3	-
- translation difference	88	(10)
- unwinding of interest	153	-
Balance as at 30 June 2024	<u>7,439</u>	<u>13,367</u>

	Lease liabilities RM'000	Term loans RM'000
Balance as at 1 January 2023	3,562	15,017
Cash flows	(303)	(550)
Non-cash flows		
- addition of lease liabilities	81	-
- translation difference	197	-
- unwinding of interest	32	-
Balance as at 30 June 2023	<u>3,569</u>	<u>14,467</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 2023 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 2023 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
Amendment to MFRS 16 Leases - <i>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

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 2025

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 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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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 2023.

A4. Seasonal or Cyclical Factors

The Group did not experience any material seasonality or cyclicalities 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 2024, the Group had issued 666,700 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.

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.

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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 19 March 2024, the wholly-owned subsidiary of the Group, Greatech Integration (M) Sdn Bhd has incorporated a wholly-owned subsidiary, namely Greatech Integration (S) Pte Ltd.

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 June 2024, the Group does not have any material capital commitments:

Property, Plant and Equipment	RM'000
- Approved and contracted for	<u>10,429</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, renovation, 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 6 Months Ended		Changes	
	30/06/2024	30/06/2023			30/06/2024	30/06/2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	205,882	165,605	40,277	24.32%	357,745	279,289	78,456	28.09%
Cost Of Goods Sold	(137,370)	(128,394)			(253,370)	(197,131)		
Gross Profit ("GP")	68,512	37,211	31,301	84.12%	104,375	82,158	22,217	27.04%
Other Operating (Expenses)/Income	(16,162)	6,175			(17,425)	(10,855)		
Profit Before Tax ("PBT")	52,350	43,386	8,964	20.66%	86,950	71,303	15,647	21.94%
GP %	33.28%	22.47%			29.18%	29.42%		
PBT %	25.43%	26.20%			24.31%	25.53%		

Comparison with prior year corresponding quarter's results

The Group's revenue of RM205.88 million for the current financial quarter ended 30 June 2024 ("**2Q2024**") were RM40.28 million or 24.32% higher than that of preceding financial quarter ended 30 June 2023 ("**2Q2023**"). This revenue growth was partially driven by the acquisition of Greatech Integration (Ireland) Limited ("**GII**"), which has been integrated into the Group and contributed its revenue starting from 1st January 2024. However, the primary driver of the revenue increase was strong organic growth. This growth was largely due to a higher order book entering 2024, leading to a significant rise in revenue from the Production Line System ("**PLS**") within Life Science and E-Mobility industries.

The Group had recorded a gross profit ("**GP**") of RM68.51 million and gross profit margin ("**GP margin**") of 33.28% in 2Q2024 as compared to RM37.21 million and 22.47% respectively in 2Q2023. The normalised GP margin without the net warranty impact was 33.37% and 22.79% respectively for 2Q2024 and 2Q2023. The increase in GP was mainly contributed by higher revenue as explained above. The increase in normalised GP margin was due to lower project expenditures compared to 2Q2023. In 2Q2024, projects were predominantly in the commissioning stage, which resulted in reduced expenditure on materials. However, this was offset by higher labour cost due to increased headcounts during the period.

The Group's profit before tax ("**PBT**") for the 2Q2024 was RM52.35 million, increased by RM8.96 million or 20.66% compared to the 2Q2023. The Group's profit before tax margin ("**PBT margin**") has decreased from 26.20% to 25.43%. The normalised PBT margin without the net warranty impact was 25.52% and 26.51% respectively for 2Q2024 and 2Q2023. The decrease in normalised PBT margin was mainly due to a lower net foreign exchange gain compared to 2Q2023.

Comparison with prior year corresponding cumulative quarter's results

The Group reported revenue of RM357.75 million for the six-month financial period ended 30 June 2024 ("**6M2024**"), 28.09% higher than the RM279.29 million recorded in the previous corresponding period ended 30 June 2023 ("**6M2023**"). This revenue growth was partially driven by the acquisition of GII, which has been integrated into the Group and contributed its revenue starting from 1st January 2024. However, the primary driver of the revenue increase was strong organic growth. This growth was largely due to a higher order book entering 2024, leading to a significant rise in revenue from the PLS within Life Science industry.

The Group's GP was RM104.38 million with a GP margin of 29.18% for the 6M2024, which is an increase of RM22.22 million or 27.04% compared to 6M2023. The normalised GP margin without the net warranty impact was 29.58% and 27.19% respectively for the 6M2024 and 6M2023. The increase in normalised GP margin in 6M2024 was mainly due to lower project expenditures incurred compared to 6M2023. In 6M2024, projects were predominantly in the commissioning stage, which resulted in reduced expenditure on materials. However, this was offset by higher labour cost due to increased headcounts during the period.

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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 RM86.95 million for the 6M2024, RM15.65 million or 21.94% higher than the RM71.30 million recorded in the 6M2023. The normalised PBT margin without net warranty impact was 24.71% and 23.31% respectively for the 6M2024 and 6M2023. The increase in PBT was primarily contributed by (i) the increase in GP of RM22.22 million and (ii) reversal of impairment on contract assets and trade receivables amounting to RM3.81 million; offset by, (i) lower net foreign exchange gain amounting to RM7.22 million and (ii) higher employees' compensation and benefit expenses from increased headcount amounting to RM3.54 million.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes	
	30/06/2024 RM'000	31/03/2024 RM'000	RM'000	%
Revenue	205,882	151,863	54,019	35.57%
Cost Of Goods Sold	(137,370)	(116,000)		
Gross Profit ("GP")	68,512	35,863	32,649	91.04%
Other Operating Expenses	(16,162)	(1,263)		
Profit Before Tax ("PBT")	52,350	34,600	17,750	51.30%
GP %	33.28%	23.62%		
PBT %	25.43%	22.78%		

The Group's revenue for 2Q2024 experienced a significant increase of RM54.02 million or 35.57% relative to the preceding quarter ended 31 March 2024 ("1Q2024"). The notable increase was due to organic revenue growth in addition to revenue earned by GII. Conversely, the revenue shortfall in 1Q2024 was due to delays in the commissioning plan of PLS from an E-mobility customer, which continued to impact revenue into 2Q2024.

The Group's GP increased by RM32.65 million or 91.04% as compared to 1Q2024. The GP margin had increased from 23.62% to 33.28%. The normalised GP margin without the net warranty impact was 33.37% and 24.44% respectively for 2Q2024 and 1Q2024. The increase in normalised GP margin was due to lower project expenditures compared to 1Q2024. In 2Q2024, projects were predominantly in the commissioning stage, which reduced expenditure on materials. In addition, in 1Q2024, there was a shortfall in revenue from E-mobility segment, which had a negative impact on profitability. The shortfall in revenue was directly linked to the revised plan for commissioning of PLS from a customer in the E-mobility industry.

The PBT of the Group for the 2Q2024 has increased by RM17.75 million from RM34.60 million to RM52.35 million. The PBT margin had increased from 22.78% to 25.43%. The normalised PBT margin had increased from 23.60% to 25.52%. The increase in PBT was mainly due to the increase in GP of RM32.65 million; offset by, (i) higher employees' compensation and benefit expenses from increased headcount amounting to RM4.07 million and (ii) lower net foreign exchange gain of RM10.02 million compared to 1Q2024.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on Prospects

At the midpoint of 2024, global activity and world trade have shown signs of improvement. Nevertheless, the global economic landscape remains complex and uncertain, marked by ongoing cost inflationary pressures, escalating trade tensions, geopolitical risks in Europe, the Middle East and other region.

Reflecting on the first half of the year, the Group's robust operational management has ensured that our core businesses remain strong and resilient. This strategic oversight has enabled us to achieve our financial goals despite the challenging environment.

Looking ahead, the Group will continue to focus on cost-optimisation measures aimed at improving profitability and ensuring that ongoing projects are completed on schedule. We will maintain constant communication with our customers and stakeholders to effectively navigate current uncertainties. Additionally, our strategy includes expanding our customer base and focusing on process innovation to drive growth. By investing in these areas, the Group aim to capitalise on opportunities within our established markets and enhance our competitive position. Specifically, we will enhance our capabilities in the Life Science industry as we see significant opportunities with both new and existing customers.

As of 19 August 2024, the Group's outstanding order book stood at approximately RM865 million and is expected to last until second 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

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

On behalf of the Board of Directors of Greatech ("**Board**"), Affin Hwang Investment Bank Berhad ("**Affin Hwang IB**") had on 3 July 2024 announced that the Company proposes to undertake a bonus issue up to 1,254,879,250 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 by shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later ("**Proposed Bonus Issue**").

On 18 July 2024, Bursa Malaysia Securities Berhad ("**Bursa Securities**") had vide its letter dated 18 July 2024, approved the listing of and quotation of 1,254,879,250 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

The circular to shareholders in relation to the Proposed Bonus Issue was issued on 5 August 2024 and is subject to obtaining shareholders' approval at the upcoming Extraordinary General Meeting to be held on 23 August 2024.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30/6/2024	30/06/2023	30/6/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current expense	(3,721)	(5,086)	(6,277)	(5,144)
- Deferred tax	(243)	-	(243)	-
Withholding tax expense	-	-	(10)	-
	<u>(3,964)</u>	<u>(5,086)</u>	<u>(6,530)</u>	<u>(5,144)</u>
Effective tax rate	7.57%	11.72%	7.51%	7.21%

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.

The effective tax rate for financial year-to-date under review for the Group was higher compared to prior year mainly 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. Borrowings and Debt Securities

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

	Unaudited	
	30/6/2024	30/06/2023
	RM'000	RM'000
Secured:		
Current liabilities		
Lease liabilities	77	-
Term loans	1,100	1,100
	<u>1,177</u>	<u>1,100</u>
Non-current liabilities		
Lease liabilities	13	-
Term loans	12,267	13,367
	<u>12,280</u>	<u>13,367</u>
Total liabilities		
Lease liabilities	90	-
Term loans	13,367	14,467
	<u>13,457</u>	<u>14,467</u>

B8. Derivative Liability

The details of outstanding derivative instruments as at 30 June 2024 are as follow:

	Contracts amount	Liabilities
	RM'000	RM'000
Forward Foreign Exchange Contracts:		
- Less than 1 year	36,678	134

The Group's derivative liabilities at the end of the current financial period 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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.

B11. Earnings Per Ordinary Share (“EPS”)

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30/6/2024	30/06/2023	30/6/2024	30/06/2023
Profit after tax attributable to owners of the parent (RM'000)	48,386	38,300	80,420	66,159
Basic				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,254,199	1,252,837	1,254,199	1,252,837
Basic EPS (sen) ⁽²⁾	3.86	3.06	6.41	5.28
Diluted				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,254,199	1,252,837	1,254,199	1,252,837
Effect of dilution due to employee share grant plan ('000) ⁽³⁾	3,568	5,302	3,568	5,302
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,257,767	1,258,139	1,257,767	1,258,139
Diluted EPS (sen) ⁽³⁾	3.85	3.04	6.39	5.26

⁽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		Cumulative Quarter	
	3 months ended		6 months ended	
	30/6/2024	30/06/2023	30/6/2024	30/06/2023
	RM'000	RM'000	RM'000	RM'000
Amortisation of government grant	33	33	66	65
Depreciation of:				
- property, plant and equipment	(4,027)	(2,981)	(7,849)	(5,839)
- right-of-use assets	(938)	(621)	(1,841)	(1,126)
Fair value adjustment on derivative assets	190	-	(318)	-
Interest expense	(240)	(160)	(484)	(321)
Interest income	2,245	1,858	4,036	3,091
Gain on lease modification	-	9	-	8
Net (losses)/gains on impairment of:				
- contract assets	(203)	(465)	376	1,401
- trade receivables	352	2,247	4,455	(2,457)
Property, plant and equipment written off	-	(4)	-	(4)
Provision for warranties	(1,743)	(1,575)	(3,006)	(2,781)
Realised (losses)/gains on foreign exchange	(713)	7,324	13,133	7,426
Reversal of unused provision for warranties	1,560	1,051	1,576	8,991
Share grant expenses	(1,715)	(3,441)	(3,490)	(7,104)
Unrealised (losses)/gains on foreign exchange	(66)	10,552	(4,669)	8,160

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