



GREATECH TECHNOLOGY BERHAD

(Company No. 1270647-H)

(Incorporated in Malaysia under the Companies Act 2016)

**INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
31 MARCH 2019**

GREATECH TECHNOLOGY BERHAD

(Company No. 1270647-H)

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The First Quarter Ended 31 March 2019


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

	Unaudited As at 31/03/2019 RM'000	Audited As at 31/12/2018 RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	50,234	35,543
Current assets		
Inventories	1,744	3,594
Trade and other receivables	46,242	47,530
Current tax assets	710	694
Short term funds	22,397	52,609
Cash and bank balances	24,448	12,384
	95,541	116,811
TOTAL ASSETS	145,775	152,354
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	40,500	1,000
Reserves	41,914	68,866
Total equity	82,414	69,866
Non-current liabilities		
Borrowings	5,141	5,701
Government grant	758	791
	5,899	6,492
Current liabilities		
Trade and other payables	28,049	50,687
Provision for warranties	26,726	22,734
Borrowings	2,554	2,442
Government grant	133	133
	57,462	75,996
Total liabilities	63,361	82,488
TOTAL EQUITY AND LIABILITIES	145,775	152,354
Number of ordinary share in issue ('000)	506,250	1,000
Net assets per share attributable to owners of the parent (RM)	0.16	69.87

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

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

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The First Quarter Ended 31 March 2019

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2019 ⁽¹⁾**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31/03/2019	31/03/2018 ⁽²⁾	31/03/2019	31/03/2018 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	58,727	N/A	58,727	N/A
Cost of sales	(39,603)	N/A	(39,603)	N/A
Gross profit	19,124	N/A	19,124	N/A
Other income	1,519	N/A	1,519	N/A
Administrative and marketing expenses	(7,912)	N/A	(7,912)	N/A
Finance costs	(102)	N/A	(102)	N/A
Profit before taxation	12,629	N/A	12,629	N/A
Taxation	(81)	N/A	(81)	N/A
Profit for the period	12,548	N/A	12,548	N/A
Other comprehensive income/(loss), net of tax				
Foreign currency translations	*	N/A	*	N/A
Total comprehensive income for the period attributable to owners of the parent	12,548	N/A	12,548	N/A
Earnings per share attributable to owners of the parent (sen)				
- Basic/ Diluted ⁽³⁾	2.48	N/A	2.48	N/A

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 May 2019 and the accompanying explanatory notes are an integral part of this interim financial report.
- (2) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the first interim financial report on the consolidated results for the period ended 31 March 2019 announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**").
- (3) Based on weighted average number of ordinary shares outstanding during the financial period under review.
- N/A Not applicable.

* Less than RM1,000

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

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The First Quarter Ended 31 March 2019


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2019⁽¹⁾**

	----- Attributable to Owners of the Parent -----					
	----- Non-distributable -----			Distributable		
	Share capital RM'000	Exchange translation reserve RM'000	Revaluation reserve RM'000	Reorganisation debit reserve RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 January 2019	1,000	*	3,605	-	65,261	69,866
Profit for the financial period	-	-	-	-	12,548	12,548
Realisation of revaluation surplus	-	-	(28)	-	28	-
Other comprehensive income, net of tax	-	*	-	-	-	*
Total comprehensive income	-	*	(28)	-	12,576	12,548
Transaction with owners:						
Acquisition of subsidiaries in business combination under common control	39,500	-	-	(39,500)	-	-
Balance as at 31 March 2019	40,500	*	3,577	(39,500)	77,837	82,414

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

* Less than RM1,000

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

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The First Quarter Ended 31 March 2019


UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 ⁽¹⁾

	3 months ended	
	31/03/2019	31/03/2018 ⁽²⁾
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	12,629	N/A
Adjustments for:		
Amortisation of government grant	(33)	N/A
Depreciation of property, plant and equipment	639	N/A
Impairment loss on trade receivables	387	N/A
Interest expense	102	N/A
Interest income	(11)	N/A
Property, plant and equipment written off	*	N/A
Provision for warranties	4,001	N/A
Reversal of impairment loss on trade receivables	(523)	N/A
Unrealised loss on foreign exchange	432	N/A
Operating profit before changes in working capital	17,623	N/A
Decrease in inventories	1,850	N/A
Decrease in trade and other receivables	1,185	N/A
Decrease in trade and other payables	(22,435)	N/A
Warranties paid	(10)	N/A
Cash generated from operations	(1,787)	N/A
Interest received	11	N/A
Interest paid	(102)	N/A
Tax paid	(97)	N/A
Net cash used in operating activities	(1,975)	N/A
Cash flows from investing activities		
Net changes in deposits pledged with a licensed bank	(10)	N/A
Purchase of property, plant and equipment	(15,180)	N/A
Net cash used in investing activities	(15,190)	N/A

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Interim Financial Report For The First Quarter Ended 31 March 2019


UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 ⁽¹⁾

	3 months ended	
	31/03/2019	31/03/2018 ⁽²⁾
	RM'000	RM'000
Cash flows from financing activities		
Proceeds from:		
- hire purchase creditors	150	N/A
Repayment of:		
- hire purchase creditors	(410)	N/A
- term loans	(188)	N/A
Net cash used in financing activities	<u>(448)</u>	<u>N/A</u>
Net decrease in cash and cash equivalents	(17,613)	N/A
Effect of exchange rate changes on cash and cash equivalents	(475)	N/A
Cash and cash equivalents as at beginning of financial period	<u>62,203</u>	<u>N/A</u>
Cash and cash equivalents as at end of financial period	<u><u>44,115</u></u>	<u><u>N/A</u></u>
Cash and cash equivalents comprise the following as at end of financial period:		
Cash and bank balances	21,613	N/A
Deposits with licensed banks	2,835	N/A
Short term funds	22,397	N/A
	<u>46,845</u>	<u>N/A</u>
Less: Deposits pledged to licensed banks	<u>(2,730)</u>	<u>N/A</u>
	<u><u>44,115</u></u>	<u><u>N/A</u></u>
<i>Reconciliation of liabilities arising from financing activities</i>		
	Hire purchases	Term loans
	creditors	
	RM'000	RM'000
Balance as at 1 January 2019	3,047	5,096
Cash flows	(260)	(188)
Balance as at 31 March 2019	<u><u>2,787</u></u>	<u><u>4,908</u></u>

GREATECH TECHNOLOGY BERHAD

(Company No. 1270647-H)

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The First Quarter Ended 31 March 2019



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2019 ⁽¹⁾**

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 13 May 2019 and the accompanying explanatory notes are an integral part of this interim financial report.
- (2) No comparative figures for the preceding quarter and preceding year's corresponding period are presented as this is the first interim financial report on the consolidated results for the period ended 31 March 2019 announced by the Company in compliance with the Listing Requirements.

N/A Not applicable.

* Less than RM1,000

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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

A1. Basis of Preparation

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

This is the first interim financial report on the Company’s unaudited condensed consolidated financial results for the first (1st) quarter ended 31 March 2019 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year’s corresponding period.

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

A2. Significant Accounting Policies

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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

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

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

A3. Audit Report

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

A4. Seasonal or Cyclical Factors

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

A5. Material Unusual Items

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

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

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

A8. Dividend Paid

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



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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 Office ("CEO") views the Group as a single reportable segment.

A10. Material Events Subsequent to the end of the Interim Financial Period

Save as disclosed below and in Note B5, "Status of Corporate Proposals", there were no other material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

On 17 May 2019, the Group accepted the letter of offer from Penang Development Corporation for the acquisition of Batu Kawan land together with the first payment of twenty percent (20%) of the purchase price amounting to approximately RM1.65 million. The total purchase price of the said land is approximately RM8.25 million.

A11. Changes in Group's Composition

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

A12. 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.

A13. Capital Commitments

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

	RM'000
- Approved and contracted for	<u>8,242</u>

Capital commitments of the Group relate to the construction of new operational facility, purchase of new motor vehicles, and plant and machinery.

A14. Significant Related Party Transactions

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A15. 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.

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

B1. Review of Group Performance

The Group recorded revenue of RM58.73 million and profit before taxation of RM12.63 million for the current financial quarter ended 31 March 2019. Included in other income were realised gain on foreign exchange amounting to RM0.64 million as a result of strengthening of US Dollar against Ringgit Malaysia during the said financial period ended and reversal of impairment loss on trade receivables of RM0.52 million due to application of MFRS 9 *Financial Instruments*. Administrative and marketing expenses during the current financial quarter mainly include employee benefits and IPO related expenses amounting to RM1.22 million.

B2. Comparison with immediate preceding quarter's results

There are no comparative figures for the immediate preceding quarter and preceding year's corresponding period available as this is the first interim financial report on consolidated results announced by the Group in compliance with Listing Requirements.

B3. Commentary on prospects

As disclosed in the Prospectus of the Company dated 13 May 2019, the Group will establish engineering sales and service support resources in the USA to solicit sales, respond to sales and technical enquiries, and act as liaison between the Group and its customers. Furthermore, the Group will also hiring remote technical service support personnel to cater to its existing customer.

The Group will magnify its sales and marketing activities for market awareness and market expansion by participating in SNEC PV Power EXPO Shanghai using the IPO proceeds.

At the same time, the Group will continue to focus on new product development of production line system for the assembly of battery modules and packs for the battery segment and enhance existing products of loading and unloading equipment to handle solar wafer with the aim of strengthening its business position in the industry.

Based on the above, barring any unforeseen circumstances, the Group is optimistic to achieve a positive growth in its performance for the current financial year.

B4. Profit Forecast

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

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT****B5. Status of Corporate Proposals**

On 13 May 2019, the Company issued its prospectus in relation to the public issue of 119,750,000 new Ordinary Shares (“**Public Issue**”) at an issue price of RM0.61 per share in conjunction with the Company’s listing on the ACE Market of Bursa Malaysia Securities Berhad. The listing exercise is still pending completion as the Company’s enlarged share capital of 626,000,000 shares are expected to be listed on 13 June 2019.

B6. Tax Expense

	Unaudited	
	3 months ended	
	31/03/2019	31/03/2018 ⁽¹⁾
	RM’000	RM’000
Malaysian income tax		
- Current tax	(81)	N/A
- Deferred tax liabilities	-	N/A
	<u>(81)</u>	<u>N/A</u>
Effective tax rates	0.64%	N/A

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

N/A Not applicable.

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
B7. Use of proceeds from the Initial Public Offer (“IPO”)

As explained in Note B5 above, the gross proceeds of RM73.05 million to be raised from the Public Issue are intended to be used in the following manner:-

Purposes	Proposed utilisation RM'000	%	Estimated time frame for utilisation upon Listing
Business expansion and development, and marketing activities	18,000	24.64	Within 48 months
Capital expenditure	5,000	6.85	Within 24 months
R&D expenditure	5,000	6.85	Within 24 months
Working capital	36,548	50.03	Within 30 months
Repayment of bank borrowings	4,500	6.16	Within 3 months
Estimated listing expenses	4,000	5.47	Immediately
	<u>73,048</u>	<u>100.00</u>	

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

However, as at the date of this report, the IPO is pending completion and hence there is no use of the proceeds.

B8. Borrowings and Debt Securities

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

	Unaudited 3 months ended	
	31/03/2019 RM'000	31/03/2018 ⁽¹⁾ RM'000
Secured:		
Current liabilities		
Hire purchase creditors	1,772	N/A
Term loans	782	N/A
	<u>2,554</u>	<u>N/A</u>
Non-current liabilities		
Hire purchase creditors	1,015	N/A
Term loans	4,126	N/A
	<u>5,141</u>	<u>N/A</u>
Total liabilities		
Hire purchase creditors	2,787	N/A
Term loans	4,908	N/A
	<u>7,695</u>	<u>N/A</u>


NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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

N/A Not applicable.

B9. Material Litigation

As at the date of this interim financial report, there were no material litigation 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 Share ("EPS")

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

	Unaudited	
	3 months ended	
	31/03/2019	31/03/2018 ⁽¹⁾
Profit after tax attributable to owners of the Company (RM'000)	12,548	N/A
Weighted average number of ordinary shares in issue ('000)	506,250	N/A
Basic EPS (sen) ⁽²⁾	2.48	N/A
Diluted EPS (sen) ⁽³⁾	2.48	N/A

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

(2) Basic EPS is calculated by dividing the profit after tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period under review.

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

N/A Not applicable.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT****B12. Profit Before Tax**

Included in profit for the financial period are as follows:

	Unaudited	
	3 months ended	
	31/03/2019	31/03/2018 ⁽¹⁾
	RM'000	RM'000
Amortisation of government grant	(33)	N/A
Depreciation of property, plant and equipment	639	N/A
Impairment loss on trade receivables	387	N/A
Interest expense	102	N/A
Interest income	(11)	N/A
Property, plant and equipment written off	*	N/A
Provision for warranties	4,001	N/A
Realised gain on foreign exchange	639	N/A
Reversal of impairment loss on receivables	(523)	N/A
Unrealised loss on foreign exchange	432	N/A

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

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

N/A Not applicable.

* Less than RM1,000