



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 2019**

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 2019


UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019 ⁽¹⁾

	Unaudited As at 30/09/2019 RM'000	Audited As at 31/12/2018 RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	54,076	35,543
Current assets		
Inventories	2,106	3,594
Trade and other receivables	48,760	47,530
Current tax assets	460	694
Short term funds	182,953	52,609
Cash and bank balances	39,726	12,384
	274,005	116,811
TOTAL ASSETS	328,081	152,354
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	111,951	1,000
Reserves	65,643	68,866
Total equity	177,594	69,866
Non-current liabilities		
Borrowings	19,404	5,701
Government grant	692	791
	20,096	6,492
Current liabilities		
Trade and other payables	94,801	50,687
Provision for warranties	33,629	22,734
Derivative instruments	8	-
Borrowings	1,821	2,442
Government grant	132	133
	130,391	75,996
Total liabilities	150,487	82,488
TOTAL EQUITY AND LIABILITIES	328,081	152,354
Number of ordinary share in issue ('000)	626,000	1,000
Net assets per share attributable to owners of the parent (RM)	0.28	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. 201801008633 (1270647-H))

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The Third Quarter Ended 30 September 2019



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
 COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 ⁽¹⁾**

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2019	30/09/2018 ⁽²⁾	30/09/2019	30/09/2018 ⁽²⁾
	RM'000	RM'000	RM'000	RM'000
Revenue	47,689	N/A	157,420	N/A
Cost of sales	(31,198)	N/A	(107,870)	N/A
Gross profit	16,491	N/A	49,550	N/A
Other income	2,369	N/A	7,252	N/A
Administrative and marketing expenses	(5,529)	N/A	(19,659)	N/A
Finance costs	(285)	N/A	(542)	N/A
Profit before taxation	13,046	N/A	36,601	N/A
Taxation	(123)	N/A	(326)	N/A
Profit for the finance period	12,923	N/A	36,275	N/A
Other comprehensive income, net of tax				
Foreign currency translations	2	N/A	2	N/A
Total comprehensive income for the period attributable to owners of the parent	12,925	N/A	36,277	N/A
Earnings per share attributable to owners of the parent (sen)				
- Basic/Diluted ⁽³⁾	2.06	N/A	8.88	N/A

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other 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 corresponding period of preceding year are presented as this is the third interim financial report on the consolidated results for the period ended 30 September 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.

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Interim Financial Report For The Third Quarter Ended 30 September 2019


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 ⁽¹⁾**

	----- Attributable to Owners of the Parent -----					
	----- Non-distributable -----			Distributable		
	Share capital	Exchange translation reserve	Revaluation reserve	Reorganisation debit reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2019	1,000	*	3,605	-	65,261	69,866
Profit for the financial period	-	-	-	-	36,275	36,275
Realisation of revaluation surplus	-	-	(83)	-	83	-
Other comprehensive income, net of tax	-	2	-	-	-	2
Total comprehensive income	-	2	(83)	-	36,358	36,277
Transaction with owners:						
Acquisition of subsidiaries in business combination under common control	39,500	-	-	(39,500)	-	-
Issuance of shares	73,048	-	-	-	-	73,048
Share issue expenses	(1,597)	-	-	-	-	(1,597)
	110,951	-	-	(39,500)	-	71,451
Balance as at 30 September 2019	111,951	2	3,522	(39,500)	101,619	177,594

(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

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Interim Financial Report For The Third Quarter Ended 30 September 2019


UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 ⁽¹⁾

	9 months ended	
	30/09/2019	30/09/2018 ⁽²⁾
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	36,601	N/A
Adjustments for:		
Amortisation of government grant	(100)	N/A
Depreciation of property, plant and equipment	2,223	N/A
Impairment loss on trade receivables	306	N/A
Interest expense	542	N/A
Interest income	(481)	N/A
Property, plant and equipment written off	2	N/A
Provision for warranties	10,930	N/A
Reversal of impairment loss on trade receivables	(523)	N/A
Fair value loss on derivative instrument	8	N/A
Unrealised loss on foreign exchange	1,677	N/A
Operating profit before changes in working capital	51,185	N/A
Decrease in inventories	1,488	N/A
Increase in trade and other receivables	(921)	N/A
Increase in trade and other payables	44,071	N/A
Warranties paid	(35)	N/A
Cash generated from operations	95,788	N/A
Interest received	481	N/A
Interest paid	(542)	N/A
Tax paid	(92)	N/A
Net cash from operating activities	95,635	N/A
Cash flows from investing activities		
Net changes in deposits pledged with a licensed bank	(20)	N/A
Purchase of property, plant and equipment	(20,758)	N/A
Net cash used in investing activities	(20,778)	N/A

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Interim Financial Report For The Third Quarter Ended 30 September 2019


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019 ⁽¹⁾**

	9 months ended	
	30/09/2019	30/06/2018 ⁽²⁾
	RM'000	RM'000
Cash flows from financing activities		
Proceeds from:		
- hire purchase creditors	300	N/A
- issuance of shares	73,048	N/A
- term loans	19,182	N/A
Share issue expenses	(1,597)	N/A
Repayment of:		
- hire purchase creditors	(1,304)	N/A
- term loans	(5,096)	N/A
Net cash from financing activities	<u>84,533</u>	<u>N/A</u>
Net increase in cash and cash equivalents	159,390	N/A
Effect of exchange rate changes on cash and cash equivalents	(1,724)	N/A
Cash and cash equivalents as at beginning of financial period	<u>62,273</u>	<u>N/A</u>
Cash and cash equivalents as at end of financial period	<u><u>219,939</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	36,881	N/A
Deposits with licensed banks	2,845	N/A
Short term funds	182,953	N/A
	<u>222,679</u>	<u>N/A</u>
Less: Deposits pledged to licensed banks	(2,740)	N/A
	<u><u>219,939</u></u>	<u><u>N/A</u></u>

Reconciliation of liabilities arising from financing activities

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

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Interim Financial Report For The Third Quarter Ended 30 September 2019



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 corresponding period of preceding year are presented as this is the third interim financial report on the consolidated results for the period ended 30 September 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 third interim financial report on the Company’s unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 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
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>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 Officer ("CEO") views the Group as a single reportable segment.

A10. 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.

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 30 September 2019, the Group does not have any material capital commitments:

	RM'000
- Approved and contracted for	<u>8,427</u>

Capital commitments of the Group relate to the construction of new operational facility, purchase of Batu Kawan land, computer systems and plant and machinery.

A14. Significant Related Party Transactions

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

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.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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 and profit before taxation (“PBT”) of RM47.69 million and RM13.05 million respectively during the current financial quarter under review. For the current financial period ended 30 September 2019, the Group achieved revenue of RM157.42 million and PBT of RM36.60 million.

Included in other income were realised gain on foreign exchange amounting to RM3.89 million as a result of strengthening of US Dollar against Ringgit Malaysia during the said cumulative financial period ended 30 September 2019 and dividend received from placement of short term funds of RM1.28 million. Administrative and marketing expenses during the cumulative financial period ended 30 September 2019 mainly include staff cost amounting to RM5.74 million and research and development costs amounting to RM2.56 million.

The Group’s cash and cash equivalents for the current financial quarter ended 30 September 2019 stood at RM219.94 million mainly due to increase in cash generated from operations and proceeds from issuance of IPO shares.

B2. Comparison with immediate preceding quarter’s results

The Group’s revenue for the current financial quarter ended 30 September 2019 decreased by RM3.31 million or 6.5% to RM47.69 million as compared to RM51.00 million in the preceding financial quarter ended 30 June 2019. The decrease in revenue was mainly due to less revenue recognised as a result of longer project timeline given by customer.

PBT of the Group for the current financial quarter was RM13.05 million, which represents an increase of RM2.12 million as compared to RM10.93 million in the preceding financial quarter. The Group recorded an increase of 5.95% in PBT margin as compared to the preceding financial quarter as a result from an increase in gross profit margin which was caused by the decrease in operation costs arising from longer project timeline given by customer and production efficiency achieved by the operations.

B3. Commentary on prospects

Despite current depressed macro economic conditions and geopolitical uncertainties, the Group is on track to realise the revenue coming from its favourable order books. Buoyed by positive industry direction and strong operational execution, the Group look forward to continue its earnings momentum for the financial year ending 2019.

Looking ahead, the Group continue to make every effort to respond to new enquiries and request for proposals, expand into new industry sector, invest in new products development and drive new products acceptance. The Group believes ongoing maintenance of operational flexibility and additional efforts from employees will drive the Group favourably through financial year ending 2019 and beyond.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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 corporate proposal announced and not completed for the current financial period under review.

B6. Tax Expense

	Unaudited			
	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2019	30/09/2018 ⁽¹⁾	30/09/2019	30/09/2018 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current tax	(123)	N/A	(326)	N/A
- Deferred tax liabilities	-	N/A	-	N/A
	<u>(123)</u>	<u>N/A</u>	<u>(326)</u>	<u>N/A</u>
Effective tax rates	0.94%	N/A	0.89%	N/A

(1) No comparative figures for the corresponding period of preceding year are presented as this is the third 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 IPO

The gross proceeds of RM73.05 million raised from the Public Issue and status of utilisation as at 30 September 2019 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	527	3%
Capital expenditure	Within 24 months	5,000	4,638	93%
R&D expenditure	Within 24 months	5,000	271	5%
Working capital	Within 30 months	36,548	148	0%
Repayment of bank borrowings	Within 3 months	4,500	4,500	100%
Estimated listing expenses	Immediately	4,000	4,000	100%
		73,048	14,084	19%

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

B8. Borrowings and Debt Securities

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

	Unaudited	
	30/09/2019	30/09/2018 ⁽¹⁾
	RM'000	RM'000
Secured:		
Current liabilities		
Hire purchase creditors	1,612	N/A
Term loans	209	N/A
	1,821	N/A
Non-current liabilities		
Hire purchase creditors	431	N/A
Term loans	18,973	N/A
	19,404	N/A
Total liabilities		
Hire purchase creditors	2,043	N/A
Term loans	19,182	N/A
	21,225	N/A

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

N/A Not applicable.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B9. Derivative Instrument

The details of outstanding derivative instrument as at 30 September 2019 are as follow:

	Nominal Value	Liabilities
	RM'000	RM'000
Foreign Exchange Forward Contracts:		
- Less than 1 year	2,722	8

The Group's derivative instrument as at the end of the current financial quarter comprise forward foreign exchange contracts which are used to manage the foreign currency exposures arising from the Group's receivables denominated in USD. The fair value of the forward foreign exchange contracts is based on the difference between the contracted forward rates and the mark-to-market rates.

B10. Material Litigation

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

B11. Proposed Dividend

The Board of Directors did not declare or recommend any dividend for the current financial quarter under review.

B12. 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			
	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2019	30/09/2018 ⁽¹⁾	30/09/2019	30/09/2018 ⁽¹⁾
Profit after tax attributable to owners of the Company (RM'000)	12,923	N/A	36,275	N/A
Weighted average number of ordinary shares in issue ('000)	626,000	N/A	408,442	N/A
Basic EPS (sen) ⁽²⁾	2.06	N/A	8.88	N/A
Diluted EPS (sen) ⁽³⁾	2.06	N/A	8.88	N/A



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

- (1) No comparative figures for the corresponding period of preceding year are presented as this is the third 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.

B13. Profit Before Tax

Included in profit for the financial period are as follows:

	Unaudited			
	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2019	30/09/2018 ⁽¹⁾	30/09/2019	30/09/2018 ⁽¹⁾
	RM'000	RM'000	RM'000	RM'000
Amortisation of government grant	(34)	N/A	(100)	N/A
Depreciation of property, plant and equipment	892	N/A	2,223	N/A
Impairment loss on trade receivables	306	N/A	306	N/A
Interest expense	285	N/A	542	N/A
Interest income	(205)	N/A	(481)	N/A
Property, plant and equipment written off	-	N/A	2	N/A
Provision for warranties	3,365	N/A	10,930	N/A
Realised gain on foreign exchange	706	N/A	3,887	N/A
Reversal of impairment loss on trade receivables	(555)	N/A	(523)	N/A
Unrealised loss on foreign exchange	193	N/A	1,677	N/A

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

N/A Not applicable.