



GREATECH TECHNOLOGY BERHAD

(Company No. 201801008633 (1270647-H))

(Incorporated in Malaysia under the Companies Act 2016)

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER AND
FINANCIAL YEAR ENDED 31 DECEMBER 2020**



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020 ⁽¹⁾

	Unaudited As at 31/12/2020 RM'000	Audited As at 31/12/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	64,541	37,548
Right-of-use assets	29,827	29,131
	<u>94,368</u>	<u>66,679</u>
Current assets		
Inventories	11,671	2,865
Trade and other receivables	41,459	30,240
Contract assets	20,590	26,409
Derivative assets	4	9
Current tax assets	1,120	506
Short term funds	212,960	176,528
Cash and bank balances	72,569	41,404
	<u>360,373</u>	<u>277,961</u>
TOTAL ASSETS	<u>454,741</u>	<u>344,640</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	111,951	111,951
Reserves	174,796	83,639
Total equity	<u>286,747</u>	<u>195,590</u>
Non-current liabilities		
Borrowings	17,202	18,128
Lease liabilities	615	2,186
Deferred tax liabilities	6,002	3,139
Government grant	526	659
	<u>24,345</u>	<u>24,112</u>
Current liabilities		
Trade and other payables	40,165	29,147
Contract liabilities	58,348	56,189
Provision for warranties	42,447	37,124
Borrowings	1,416	1,001
Lease liabilities	1,140	1,331
Government grant	133	133
Current tax liability	-	13
	<u>143,649</u>	<u>124,938</u>
Total liabilities	<u>167,994</u>	<u>149,050</u>
TOTAL EQUITY AND LIABILITIES	<u>454,741</u>	<u>344,640</u>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2020 ⁽¹⁾**

	Unaudited As at 31/12/2020	Audited As at 31/12/2019
Number of ordinary shares in issue ('000)	626,000	626,000
Net assets per share attributable to owners of the parent (RM)	0.46	0.31

- (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 2019 and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	76,347	58,515	261,127	215,935
Cost of sales	(40,434)	(35,206)	(147,643)	(143,076)
Gross profit	35,913	23,309	113,484	72,859
Other income	2,174	2,749	10,702	10,001
Administrative and marketing expenses	(7,935)	(4,724)	(33,171)	(24,383)
Finance costs	(219)	(363)	(938)	(905)
Profit before tax	29,933	20,971	90,077	57,572
Tax expenses	(1,424)	(4,950)	(2,230)	(5,276)
Profit for the financial period/year	28,509	16,021	87,847	52,296
Other comprehensive income, net of tax				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	3	5	(4)	7
Item that will not be reclassified subsequently to profit or loss				
Revaluation surplus on property, plant and equipment and right-of-use assets	3,314	1,970	3,314	1,970
Total comprehensive income for the financial period attributable to owners of the parent	31,826	17,996	91,157	54,273
Earnings per share attributable to owners of the parent (sen)				
- Basic/Diluted ⁽²⁾	4.55	2.56	14.03	11.29

(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 2019 and the accompanying explanatory notes attached to this interim financial report.

(2) Based on weighted average number of ordinary shares in issue during the financial period/year under review.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾

	----- Attributable to Owners of the Parent -----					
	----- Non-distributable -----			Distributable		
	Exchange Reorganisation					
	Share capital	translation reserve	debit reserve	Revaluation reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2020	111,951	7	(39,500)	5,464	117,668	195,590
Profit for the financial year	-	-	-	-	87,847	87,847
Gross revaluation increase of properties	-	-	-	4,360	-	4,360
Deferred tax relating to revalued properties	-	-	-	(1,046)	-	(1,046)
Realisation of revaluation surplus	-	-	-	(174)	174	-
Other comprehensive income, net of tax	-	(4)	-	-	-	(4)
Total comprehensive income	-	(4)	-	3,140	88,021	91,157
Balance as at 31 December 2020	111,951	3	(39,500)	8,604	205,689	286,747
Balance as at 1 January 2019	1,000	*	-	3,605	65,261	69,866
Profit for the financial year	-	-	-	-	52,296	52,296
Gross revaluation increase of properties	-	-	-	2,592	-	2,592
Deferred tax relating to revalued properties	-	-	-	(622)	-	(622)
Realisation of revaluation surplus	-	-	-	(111)	111	-
Other comprehensive income, net of tax	-	7	-	-	-	7
Total comprehensive income	-	7	-	1,859	52,407	54,273
Transactions 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)
Total transactions with owners	110,951	-	(39,500)	-	-	71,451
Balance as at 31 December 2019	111,951	7	(39,500)	5,464	117,668	195,590

(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 2019 and the accompanying explanatory notes attached to this interim financial report.

* Less than RM1,000

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾

	12 months ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
Cash flows from operating activities		
Profit before taxation	90,077	57,572
Adjustments for:		
Amortisation of government grant	(133)	(132)
Bad debts written off	-	184
Depreciation of property, plant and equipment	3,802	2,268
Depreciation of right-of-use assets	1,930	2,221
Fair value adjustment on derivative assets	5	(9)
Gain on disposal of property, plant and equipment	-	(63)
Gain on lease modification	(9)	-
Impairment losses on contract assets	331	-
Impairment losses on trade receivables	527	180
Interest expense	938	905
Interest income	(616)	(640)
Inventories written back	(18)	-
Inventories written down	12	201
Lease concessions	(22)	-
Property, plant and equipment written off	7	2
Provision for warranties	17,187	14,732
Revaluation deficit of property, plant and equipment	-	937
Reversal of impairment losses on trade receivables	(180)	(523)
Reversal of revaluation deficit of property, plant and equipment	(937)	-
Reversal of unused provision for warranties	(11,863)	(307)
Unrealised loss on foreign exchange	4,049	3,082
Operating profit before changes in working capital	105,087	80,610
(Increase)/Decrease in inventories	(8,800)	528
Increase in trade and other receivables	(11,824)	(11,273)
Decrease/(Increase) in contract assets	5,488	(475)
Increase/(Decrease) in trade and other payables	12,108	(7,330)
Increase in contract liabilities	2,159	42,013
Warranties paid	(1)	(35)
Cash generated from operations	104,217	104,038
Interest paid	(841)	(615)
Interest received	616	640
Tax paid	(762)	(670)
Tax refunded	-	740
Net cash from operating activities	103,230	104,133

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾

	12 months ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
Cash flows from investing activities		
Net changes in deposits pledged with licensed banks	2,824	(104)
Proceed from disposal of property, plant and equipment	-	63
Purchase of property, plant and equipment	(29,481)	(12,111)
Addition of right-of-use assets	-	(16,987)
	<u>(26,657)</u>	<u>(29,139)</u>
Cash flows from financing activities		
Proceeds from:		
- issuance of ordinary shares	-	73,048
- term loans	490	19,181
Share issue expenses	-	(1,597)
Repayment of:		
- lease liabilities	(1,449)	(4,694)
- term loans	(1,001)	(5,148)
Net cash (used in)/from financing activities	<u>(1,960)</u>	<u>80,790</u>
Net changes in cash and cash equivalents	74,613	155,784
Effect of exchange rate changes on cash and cash equivalents	(4,192)	(2,949)
Cash and cash equivalents at beginning of financial year	<u>215,108</u>	<u>62,273</u>
Cash and cash equivalents at end of financial year	<u><u>285,529</u></u>	<u><u>215,108</u></u>
Cash and cash equivalents comprise the following at end of financial year:		
Cash and bank balances	71,062	38,476
Deposits with licensed banks	1,507	2,928
Short term funds	212,960	176,528
	<u>285,529</u>	<u>217,932</u>
Less: Deposits pledged to licensed banks	-	(2,824)
	<u><u>285,529</u></u>	<u><u>215,108</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2020 ⁽¹⁾

Reconciliation of liabilities arising from financing activities

	Lease liabilities RM'000	Term loans RM'000
Balance as at 1 January 2020	3,517	19,129
Cash flows	(1,449)	(511)
Non-cash flows		
- effect of lease modification	(388)	-
- lease concessions	(22)	-
- unwinding of interest	97	-
Balance as at 31 December 2020	<u>1,755</u>	<u>18,618</u>

	Lease liabilities RM'000	Hire purchase creditors RM'000	Term loans RM'000
Balance as at 1 January 2019	-	3,047	5,096
Effects of adoption of MFRS 16	7,558	(3,047)	-
Balance as at 1 January 2019, as restated	<u>7,558</u>	<u>-</u>	<u>5,096</u>
Cash flows	(4,694)	-	14,033
Non-cash flows:			
- addition of lease liabilities	363	-	-
- unwinding of interest	290	-	-
Balance as at 31 December 2019	<u>3,517</u>	<u>-</u>	<u>19,129</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 2019 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 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest audited financial statements, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

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

Title	Effective date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendments to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020
<i>Amendments to MFRS 4 Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

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 2021

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

Title	Effective date
<i>Amendments to MFRSs 4, 7, 9, 16 and 139 Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
<i>Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018–2020”</i>	1 January 2022
<i>Amendments to MFRS 3 Reference to the Conceptual Framework</i>	1 January 2022
<i>Amendments to MFRS 116 Property, Plant and Equipment—Proceeds before Intended Use</i>	1 January 2022
<i>Amendments to MFRS 137 Onerous Contracts—Cost of Fulfilling a Contract</i>	1 January 2022
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current</i>	1 January 2023
<i>Amendments to MFRS 10 and MFRS 128 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 2019.

A4. Seasonal or Cyclical Factors

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

A5. Material Unusual Items

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

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
A10. Valuations of Property, Plant and Equipment and Right-Of-Use Assets

The Group has carried out a valuation exercise on its leasehold buildings and leasehold land classified under Property, Plant and Equipment (“PPE”) and Right-Of-Use (“ROU”) assets respectively, during the financial quarter and year ended 31 December 2020. The valuation exercise was carried out to ascertain the current market value of the PPE and ROU assets for accounting purposes. The valuations are performed by an independent professional valuer using the open market value basis.

Gain on revaluation of PPE and ROU assets

	Carrying amount RM'000	Market value RM'000	Gain RM'000
Property, plant and equipment			
Leasehold buildings	40,329	41,650	1,321
Add: Gain from reversal of revaluation deficit in financial year (“FY”) 2019			34
Right-of-use assets			
Leasehold land	24,995	28,000	3,005
Total	65,324	69,650	4,360

Effect on net assets per share

The net revaluation surplus, net of deferred tax of RM3.31 million would result in the Group’s consolidated net assets per share to increase by approximately 0.53 sen. The Company has recorded net assets per share of 45.81 sen based on the unaudited financial results of the Group for the fourth quarter ended 31 December 2020.

	Unaudited before revaluation	Effect of revaluation, net of deferred tax	After revaluation
Equity attributable to owners of the parent (RM'000)	283,433	3,314	286,747
Number of ordinary shares in issue ('000)	626,000	626,000	626,000
Net assets per share (RM)	0.4528	0.0053	0.4581

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 and financial year under review that have not been reflected in this interim financial report except for the purchase of Batu Kawan Land in January 2021. The said purchase of land is still not completed as at the date of this interim report, pending for the fulfillment of its conditions precedent as defined in the Sales and Purchase Agreement.

A12. Changes in Group’s Composition

Save as disclosed below, there were no changes in the composition of the Group during the current financial quarter and financial year under review.

On 3 November 2020, the Group has announced that its wholly-owned subsidiary, Greatech Integration (M) Sdn. Bhd. has on 29 October 2020 incorporated a new wholly-owned subsidiary, namely Greatech Integration (USA) Inc. in Delaware, USA.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A13. Contingent Assets and Contingent Liabilities

There were no material contingent assets or contingent liabilities to be disclosed as at the date of this interim financial report.

A14. Capital Commitments

Save as disclosed below, as at 31 December 2020, the Group does not have any material capital commitments:

Property, Plant and Equipment

- Approved and contracted for

RM'000

6,098

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

A15. Significant Related Party Transactions

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

A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current financial quarter and financial year under review.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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

B1. Review of Group's Performance

Comparison with prior year corresponding quarter results

The Group's revenue of RM76.35 million for the current financial quarter were 30.47% or RM17.83 million higher than that of prior year corresponding quarter. The increase was primarily attributable to the higher revenue recognised for production line systems from existing customers as well as non-recurring engineering revenue recognised from new customer in the electric vehicle energy storage ("**EV energy storage**") industry, offset by a decrease in single automated equipment and provision of parts and demand for on-site services, installation and commissioning revenue from existing customers during the last quarter ended 31 December 2020.

The Group has recorded a higher gross profit ("**GP**") of RM35.91 million and higher gross profit margin ("**GP margin**") of 47.03% as compared to RM23.31 million and 39.83% respectively in the prior year corresponding quarter. The increase was mainly due to the favourable gross margin mix benefits realised from engineering design works.

The Group's profit before tax ("**PBT**") for the current financial quarter was RM29.93 million or 39.20% of revenue, an increase of RM8.96 million or 42.73% as compared to the prior year corresponding quarter. The RM12.60 million increase reflected from the GP were partially offset by the increased administrative and marketing expenses of RM3.22 million, mainly arising from the increased employee benefits expenses, unrealised losses on foreign exchange and offset by the reversal of revaluation deficit recognised in prior year.

Comparison with prior year cumulative quarter results

The Group's cumulative revenue has increased by RM45.19 million or 20.93% from RM215.94 million in 2019 to RM261.13 million in 2020. This was driven by the increased revenue for production line systems from the EV energy storage industry as well as demands of modification and upgrade of existing production line systems' repeat order.

The Group's PBT has increased significantly by RM32.51 million or 56.47% from RM57.57 million in 2019 to RM90.08 million in 2020. This was due to the higher revenue recognised and GP compared with prior year, as well as the increase in other income of RM0.70 million mainly arising from the increased dividend income from the placement of short term funds. The increased profit was partially offset by increase in administrative and marketing expenses by RM8.79 million, primarily due to the increased employee benefits expenses mainly due to increase in headcount for the year, research and development expenses and unrealised losses on foreign exchange, offset by the reversal of revaluation deficit recognised in prior year as well as reduced exhibition and travelling expenses due to the COVID-19 international travel restrictions.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B2. Comparison with Immediate Preceding Quarter's Results

The Group's revenue for the current financial quarter ended 31 December 2020 increased by RM0.53 million or 0.70% to RM76.35 million as compared to RM75.82 million in the preceding financial quarter ended 30 September 2020. The Group's positive final quarter result was driven by the increased revenue recognised from production line systems in the new EV energy storage industry and the existing solar industry. The increased revenue from production line system was partially offset by the decline in revenue recognised for the final quarter from single automated equipment and provision of parts and services.

Despite the close gap in GP of RM1.07 million, the PBT of the Group for the current financial quarter is significantly higher with a RM6.42 million increase. This is mainly attributable to the increase in other income mainly arising from the increased dividend income from the placement of short term funds as well as the decrease in administrative and marketing expenses from the reversal of provisions for employees' incentive expenses and the reversal of revaluation deficit recognised in prior year due to the reversal of contract sum for the construction of building.

B3. Commentary on Prospects

Greatech delivered on its commitments in a challenging year dominated by the COVID-19 pandemic. The Group demonstrated the relevance of our growth strategies and tremendous resiliency in the face of this challenge, ultimately finished FY2020 with an exceptional improvement both in financial performance and order book.

Building on the positive momentum established in FY2020, the Group will continue to focus on several growth drivers including deliver the core revenue, prioritise growth investments, disciplined cost control to drive margin improvements and continued investment in innovation to support sustainable long-term growth.

The Group have seen no material impact on our financial results that could directly attribute to COVID-19 pandemic. We continue to maintain the health and safety of our employees, customers, businesses and communities and advance our commitment to further Environmental, Social and Governance stewardship.

As we look ahead to 2021, the near-term economic outlook is uncertain. However, the Group entered the year with a robust order book. The Group remains relatively well positioned and resilient to sustain the underlying demand, and confident in its ability to continue gaining market share in EV energy storage industry and making meaningful progress throughout 2021.

The Group has allocated RM77.37 million for its targeted capital expenditure investment in year 2021 to support operating and growth requirements, which includes a new 230,000 square feet facility in Batu Kawan Industrial Park and its facility in US.

As of 4 February 2021, the Group's order book stood at RM351.20 million, which is expected to last until first half of 2022.

B4. Profit Forecast

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
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 11 August 2020, the Company announced the proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities (“**Proposed Transfer**”). The Proposed Transfer has been completed on 28 December 2020.

On 9 September 2020, the Company announced the proposed establishment of a long term incentive plan of up to ten percent (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at any point of time during the duration of the scheme for the eligible executive directors and employees of the Group (excluding subsidiary companies which are dormant) (“**Proposed LTIP**” or “**Scheme**”). The Proposed LTIP comprises a share grant plan (“**Proposed SGP**”) and a share option plan (“**Proposed SOP**”). The effective date for the implementation of the Proposed LTIP is on 11 January 2021.

On 20 October 2020, the Company announced the proposed bonus issue of 626,000,000 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 on an entitlement date to be determined and announced later (“**Proposed Bonus Issue**”). The Proposed Bonus Issue has been completed on 11 January 2021.

B6. Tax Expenses

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current tax	435	196	(135)	(130)
- Deferred tax	(1,817)	(2,517)	(1,817)	(2,517)
Foreign withholding tax	(42)	(2,629)	(278)	(2,629)
	<u>(1,424)</u>	<u>(4,950)</u>	<u>(2,230)</u>	<u>(5,276)</u>
Effective tax rates	4.76%	23.60%	2.48%	9.16%

The overall effective tax rate for the financial period/year of the Group was lower than the statutory tax rate of 24% as the subsidiary, Greatech Integration (M) Sdn. Bhd., was granted pioneer status by Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986 on 29 March 2013, for a period of five (5) years up to 28 March 2018, which was subsequently extended for another five (5) years to 28 March 2023. As such, its statutory income during this period is exempted from income tax.

Foreign withholding tax is related to 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.

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

The gross proceeds of RM73.05 million raised from the Public Issue and status of utilisation as at 31 December 2020 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	1,821	10%
Capital expenditure	Within 24 months	5,000	5,000	100%
R&D expenditure	Within 24 months	5,000	3,230	65%
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	55,099	75%

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 31/12/2020 RM'000	Audited 31/12/2019 RM'000
Secured:		
Current liabilities		
Term loans	1,416	1,001
Non-current liabilities		
Term loans	17,202	18,128
Total liabilities		
Term loans	18,618	19,129

B9. Derivative Assets

The details of outstanding derivative instruments as at 31 December 2020 are as follow:

	Contract amount RM'000	Asset RM'000
Forward Foreign Exchange Contracts:		
- Less than 1 year	100	4

The Group's derivative assets 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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")

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Profit after tax attributable to owners of the parent (RM'000)	28,509	16,021	87,847	52,296
Weighted average number of ordinary shares in issue ('000)	626,000	626,000	626,000	463,279
Basic EPS (sen) ⁽¹⁾	4.55	2.56	14.03	11.29
Diluted EPS (sen) ⁽²⁾	4.55	2.56	14.03	11.29

(1) Basic EPS is calculated based on the profit after tax attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial period/year under review.

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**B13. Profit Before Tax**

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

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Amortisation of government grant	32	32	133	132
Bad debts written off	-	(184)	-	(184)
Depreciation of property, plant and equipment	(1,065)	(45)	(3,802)	(2,268)
Depreciation of right-of-use assets	(458)	(2,221)	(1,930)	(2,221)
Fair value adjustment on derivative	(8)	17	(5)	9
Gain on disposal of property, plant and equipment	-	63	-	63
Gain on lease modification	9	-	9	-
Impairment losses on contract assets	(331)	-	(331)	-
Impairment losses on trade receivables	(527)	(180)	(527)	(180)
Interest expense	(219)	(363)	(938)	(905)
Interest income	144	159	616	640
Inventories written back	18	-	18	-
Inventories written down	(12)	(201)	(12)	(201)
Lease concessions	-	-	22	-
Property, plant and equipment written off	(7)	-	(7)	(2)
Provision for warranties	(4,181)	(3,802)	(17,187)	(14,732)
Realised gain on foreign exchange	1,194	1,010	4,893	4,897
Revaluation deficit of property, plant and equipment	-	(937)	-	(937)
Reversal of impairment losses on trade receivables	711	306	180	523
Reversal of revaluation deficit of property, plant and equipment	937	-	937	-
Reversal of unused provision for warranties	3,595	307	11,863	307
Unrealised loss on foreign exchange	(2,948)	(1,405)	(4,049)	(3,082)

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