



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 2021**

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 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021 ⁽¹⁾**

	Unaudited as at 30/06/2021 RM'000	Audited as at 31/12/2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	73,744	64,541
Right-of-use assets	32,586	29,826
	<u>106,330</u>	<u>94,367</u>
Current assets		
Inventories	18,183	11,671
Trade and other receivables	41,325	41,459
Contract assets	31,119	20,590
Derivative assets	-	4
Current tax assets	1,181	1,120
Short term funds	242,032	212,960
Cash and bank balances	148,501	72,570
	<u>482,341</u>	<u>360,374</u>
TOTAL ASSETS	<u>588,671</u>	<u>454,741</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	111,985	111,951
Reserves	261,677	174,795
TOTAL EQUITY	<u>373,662</u>	<u>286,746</u>
Non-current liabilities		
Borrowings	15,566	17,202
Lease liabilities	3,572	615
Deferred tax liabilities	6,002	6,002
Government grant	460	526
	<u>25,600</u>	<u>24,345</u>
Current liabilities		
Trade and other payables	74,387	40,166
Contract liabilities	71,608	58,349
Provision for warranties	40,928	42,447
Derivative liabilities	90	-
Borrowings	933	1,416
Lease liabilities	1,330	1,139
Government grant	133	133
	<u>189,409</u>	<u>143,650</u>
TOTAL LIABILITIES	<u>215,009</u>	<u>167,995</u>
TOTAL EQUITY AND LIABILITIES	<u>588,671</u>	<u>454,741</u>



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 JUNE 2021 ⁽¹⁾**

	Unaudited as at 30/06/2021	Audited as at 31/12/2020
Number of ordinary shares in issue ('000)	1,252,004	1,252,000
Net assets per share attributable to owners of the parent (RM)	0.30	0.23

- (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 2020 and the accompanying explanatory notes attached to this interim financial report.

(The rest of this page has been intentionally left blank)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2021 ⁽¹⁾**

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	136,357	56,222	231,499	108,960
Cost of sales	(87,090)	(34,411)	(132,849)	(66,224)
Gross profit	49,267	21,811	98,650	42,736
Other income	2,238	2,887	10,437	7,816
Administrative and marketing expenses	(12,569)	(6,638)	(22,901)	(13,460)
Finance cost	(175)	(230)	(412)	(461)
Profit before tax	38,761	17,830	85,774	36,631
Tax expense	(379)	(201)	(733)	(515)
Profit for the financial period	38,382	17,629	85,041	36,116
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	(2)	*	(45)	(7)
Total comprehensive income for the financial period attributable to owners of the parent	38,380	17,629	84,996	36,109
Earnings per ordinary share attributable to owners of the parent (sen)				
- Basic ⁽²⁾	3.07	1.41	6.79	2.88
- Diluted ⁽²⁾	3.07	1.41	6.79	2.88

(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 2020 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.

* Less than RM1,000

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2021 ⁽¹⁾

	Non-distributable				Distributable		
	Share capital	Exchange translation reserve	Reorganisation debit reserve	Revaluation reserve	Share option reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2021	111,951	3	(39,500)	8,604	-	205,688	286,746
Profit for the financial period	-	-	-	-	-	85,041	85,041
Foreign currency translations	-	(45)	-	-	-	-	(45)
Other comprehensive income, net of tax	-	(45)	-	-	-	-	(45)
Total comprehensive income	-	(45)	-	-	-	85,041	84,996
Realisation of revaluation surplus	-	-	-	(116)	-	116	-
Transactions with owners:							
Share-based payment transaction	-	-	-	-	1,898	-	1,898
Issuance of ordinary shares pursuant to ESOP ⁽²⁾	34	-	-	-	(12)	-	22
Total transactions with owners	34	-	-	-	1,886	-	1,920
Balance as at 30 June 2021	111,985	(42)	(39,500)	8,488	1,886	290,845	373,662
Balance as at 1 January 2020	111,951	7	(39,500)	5,464	-	117,668	195,590
Profit for the financial period	-	-	-	-	-	36,116	36,116
Foreign currency translations	-	(7)	-	-	-	-	(7)
Other comprehensive income, net of tax	-	(7)	-	-	-	-	(7)
Total comprehensive income	-	(7)	-	-	-	36,116	36,109
Realisation of revaluation surplus	-	-	-	(87)	-	87	-
Balance as at 30 June 2020	111,951	-	(39,500)	5,377	-	153,871	231,699

(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 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) ESOP - Employees' Share Option Plan

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 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2021 ⁽¹⁾**

	6 months ended	
	30/06/2021	30/06/2020
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	85,774	36,631
Adjustments for:		
Amortisation of government grant	(66)	(67)
Depreciation of:		
- property, plant and equipment	2,209	1,751
- right-of-use assets	1,118	959
Fair value adjustment on derivative assets/liabilities	94	12
Gain on lease modification	(2)	-
Impairment losses on:		
- contract assets	2,822	3,458
- trade receivables	1,204	419
Interest expense	412	461
Interest income	(267)	(358)
Lease concessions	-	(22)
Loss on disposal of property, plant and equipment	66	-
Property, plant and equipment written off	255	-
Provision for warranties	7,720	7,623
Reversals of:		
- impairment losses on contract assets	(332)	(732)
- impairment losses on trade receivables	(527)	(180)
- unused provision for warranties	(9,239)	(3,467)
Share-based payment transaction	1,898	-
Unrealised gain on foreign exchange	(350)	(161)
Operating profit before changes in working capital	92,789	46,327
Increase in inventories	(6,512)	(23,488)
(Increase) / Decrease in trade and other receivables	(689)	8,012
Increase in contract assets	(13,019)	(30,360)
Increase / (Decrease) in trade and other payables	34,181	(357)
Increase / (Decrease) in contract liabilities	13,259	(22,153)
Cash generated from / (used in) operations	120,009	(22,019)
Interest paid	(368)	(393)
Interest received	267	358
Tax paid	(358)	(524)
Net cash from / (used in) operating activities	119,550	(22,578)

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 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2021 ⁽¹⁾**

	6 months ended	
	30/06/2021	30/06/2020
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceed from disposal of property, plant and equipment	251	-
Purchase of:		
- property, plant and equipment	(11,984)	(1,504)
- right-of-use assets	(147)	(16)
Net changes in deposits pledged with licensed banks	-	(42)
Net changes in deposits with licensed bank (more than three months)	(5,022)	-
Net cash used in investing activities	(16,902)	(1,562)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
- issuance of ordinary shares	22	-
- term loans	16,500	490
Repayments of:		
- lease liabilities	(625)	(691)
- term loans	(18,619)	(312)
Net cash used in financing activities	(2,722)	(513)
Net changes in cash and cash equivalents	99,926	(24,653)
Effects of exchange rate changes on cash and cash equivalents	55	(83)
Cash and cash equivalents at beginning of financial period	284,023	215,108
Cash and cash equivalents at end of financial period	384,004	190,372
Cash and cash equivalents comprise the following at end of financial period:		
Cash and bank balances	141,972	15,530
Deposits pledged with licensed banks	-	2,994
Deposits with licensed bank (more than three months)	6,529	-
Short term funds	242,032	174,714
	390,533	193,238
Less: Deposits pledged to licensed banks	-	(2,866)
Deposits with licensed bank (more than three months)	(6,529)	-
	384,004	190,372

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2021 ⁽¹⁾
RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities RM'000	Term loans RM'000
Balance as at 1 January 2021	1,754	18,618
Cash flows	(625)	(2,119)
Non-cash flows		
- addition of lease liabilities	3,782	-
- effects of lease modification	(53)	-
- unwinding of interest	44	-
Balance as at 30 June 2021	<u>4,902</u>	<u>16,499</u>

	Lease liabilities RM'000	Term loans RM'000
Balance as at 1 January 2020	3,517	19,129
Cash flows	(691)	178
Non-cash flows		
- lease concessions	(22)	-
- unwinding of interest	68	-
Balance as at 30 June 2020	<u>2,872</u>	<u>19,307</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 2020 and the accompanying explanatory notes attached to this interim financial report.

(The rest of this page has been intentionally left blank)

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 2020 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
Amendments to MFRSs 4, 7, 9, 16 and 139 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021

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 2022

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 contained in the document entitled “Annual Improvements to MFRS Standards 2018–2020”</i>	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-Current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A3. Audit Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

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 current financial quarter under review.

The Company had issued 4,000 new ordinary shares at an exercise price of RM5.475 pursuant to the Employees' Share Option Plan ("ESOP").

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 of buildings and leasehold land classified under Property, Plant and Equipment and Right-Of-Use Assets respectively is performed by an independent professional valuer using the open market value basis on 31 December 2020.

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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A12. Changes in Group's Composition

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

A13. Contingent Assets and Contingent Liabilities

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

A14. Capital Commitments

Save as disclosed below, as at 30 June 2021, the Group does not have any material capital commitments:

Property, Plant and Equipment	RM'000
- Approved and contracted for	<u>41,565</u>

Capital commitments of the Group relate to the land and construction of new operational facility at Batu Kawan Industrial Park, plant and machinery, computer systems, renovation and motor vehicles.

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.

(The rest of this page has been intentionally left blank)

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 RM136.36 million for the current financial quarter were 142.53% or RM80.14 million higher than that of prior year corresponding quarter. The increase was mainly attributable to the higher revenue recognised for production line systems ("PLS") in the electric vehicle energy storage ("EV energy storage") industry. EV energy storage dominates the current quarter revenue, constituting 88.93% of the total revenue for PLS. During this quarter, the Group has recorded an overall increase in the total revenue recorded from the increase in PLS, offset by the decreased single automated equipment ("SAE") and provision of parts and services revenue.

The Group has recorded a higher gross profit ("GP") of RM49.27 million despite a lower gross profit margin ("GP margin") of 36.13% as compared to RM21.81 million and 38.79% respectively in the prior year corresponding quarter. The current quarter's margin performance was impacted by higher raw materials and freight costs, which was partially offset by favourable subcontract expenses. To mitigate the transportation dislocation challenges, the Group has made the conscious decision to incur extra freight cost to ensure the Group could better meet the commitment to the customers, given the supply chain issues faced globally. The higher freight cost was also due to the request by customers to change the shipping method from sea to air freight and the additional cost is expected to be recoverable. Nonetheless, considering the material and freight cost headwinds faced, the Group was able to deliver resilient GP margin. For informational purpose, the normalised GP margin without the net warranty impact is 38.85% and 41.04% for current financial quarter and prior year corresponding quarter respectively.

The Group's profit before tax ("PBT") for the current financial quarter was RM38.76 million or 28.43% of revenue, an increase of RM20.93 million or 117.39% as compared to the prior year corresponding quarter. The increase in PBT was driven primarily by the increase in GP of RM27.46 million, offset by a lower other income of RM0.65 million and higher administrative and marketing expenses of RM5.93 million. The increase in administrative and marketing expenses was mainly attributable to the share-based payment transaction recognised upon the acceptance of the ESOP offered to employees as well as the increased employee headcount of local and North America subsidiary.

Comparison with prior year cumulative quarter results

The Group's cumulative revenue has increased by RM122.54 million or 112.46% from RM108.96 million in 2020 to RM231.50 million in 2021. The increase was mainly due to the increased revenue from PLS in the EV energy storage industry.

The Group's PBT has increased significantly by RM49.14 million or 134.16% from RM36.63 million in 2020 to RM85.77 million in 2021. This was due to the higher GP recorded as compared with prior year and higher other income of RM2.62 million mainly arising from the increase in realised foreign exchange gain. The increased profit was partially offset by increase in administrative and marketing expenses by RM9.44 million, primarily driven by higher employee benefits expenses from the increase in employee headcount for the year of local and abroad, research and development expenses and share-based payment transaction.

(The rest of this page has been intentionally left blank)

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 30 June 2021 has increased by RM41.22 million or 43.32% as compared to the preceding financial quarter ended 31 March 2021. This was mainly attributable to the revenue contribution for PLS from the EV energy storage industry despite a slight drop in the Group's revenue from SAE and provision of parts and services.

Given the increase in revenue recorded, the GP and GP margin of the Group has in fact dropped by RM0.12 million and 15.77% respectively. This was mainly due to the cost inflation in transport and shipping dislocation as a result of the pandemic as well as to better meet the commitment of customers as discussed in B1.

The PBT of the Group for the current financial quarter was lower by RM8.25 million, caused by the RM5.96 million lower other income recorded mainly due to the decreased unrealised foreign exchange gain, as well as the RM2.24 million increase in administrative and marketing expense mainly due to the recognition of share-based payment transaction pursuant to the ESOP offered to employees.

B3. Commentary on Prospects

During the first half of 2021, the Group recorded significant improvements in its revenue and earnings, primarily driven by increased demand in EV energy storage industry which benefited from continued improvements in the end markets.

Economic growth continues to pick up in the US, driven by unprecedented fiscal and monetary stimulus measures. Underlying drivers of growth such as the development of carbon-efficient transportation, public and private sector funding and tightening of environmental regulations remains strong. While the Group continues to experience inflationary pressure in certain raw materials and freight, the Group has built up inventories and secured alternative means for certain critical parts. The Group has been through similar supply chain challenges before and is prepared for either eventuality.

The Group was not burdened by any negative effects of the COVID-19 pandemic except from near-term upward pressures on freight prices and logistical challenges due to global transportation capacities linked to the pandemic situation.

Looking ahead, the Group foresees improved demand highlighted by a continued pickup activity in the end markets of solar thin film and EV energy storage to present attractive organic growth opportunities, supported by the strong local presence, consistent investment in technology and innovation as well as strategic expansion of our manufacturing capacities in Penang, Malaysia.

The Group remains confident that it will continue to gain market share in the improving market conditions and deliver further improvements in the Group's second half financial performance.

The Group continued to assess the capital expenditure spending as the year progresses. At this time, the Group anticipate capital expenditure spending will be in the range of RM275 million to RM280 million. This is an increase from our prior announcement in 18 February 2021 of RM77.37 million. This entails significant capacity investments to meet demand which is expected to remain strong and the targeted combined floorspace of 1 million sq ft by 2022, of which further details will be announced upon finalisation.

As of 9 August 2021, the Group's accumulated outstanding order book since quarter ended 30 June 2021 stood at approximately RM206 million, and is expected to last until first half of 2022. The Group is in the midst of finalising orders with the customers and such orders will be expected to significantly replenish the order book in the next quarter.

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

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

B6. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current tax	(177)	(181)	(297)	(390)
- Deferred tax	-	-	-	-
Withholding tax expense	(202)	(20)	(436)	(125)
	<u>(379)</u>	<u>(201)</u>	<u>(733)</u>	<u>(515)</u>
Effective tax rate	0.98%	1.13%	0.85%	1.41%

The overall effective tax rate for the financial period of the Group was lower than the statutory tax rate of 24% as the subsidiary, Greotech 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.

Withholding tax expense is related to foreign withholding tax liability from sales of production line systems and provision of engineering services to a customer in certain jurisdiction. Due to complexity of the tax law, significant judgement is required in evaluating the tax positions, including uncertainties. There is no assurance of refundability. Thus, the Group has decided to expense the withholding tax to the statement of profit or loss and other comprehensive income.

B7. Use of Proceeds from the Initial Public Offering ("IPO")

The gross proceeds of RM73.05 million raised from the Public Issue and status of utilisation as at 30 June 2021 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	4,289	24%
Capital expenditure	Within 24 months	5,000	5,000	100%
R&D expenditure	Within 24 months	5,000	5,000	100%
Working capital	Within 30 months	36,548	36,548	100%
Repayment of bank borrowings	Within 3 months	4,500	4,500	100%
Estimated listing expenses	Immediately	4,000	4,000	100%
Total		73,048	59,337	81%

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B8. Borrowings and Debt Securities

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

	Unaudited	
	30/06/2021	30/06/2020
	RM'000	RM'000
Secured:		
Current liabilities		
Term loans	933	1,388
Non-current liabilities		
Term loans	15,566	17,919
Total liabilities		
Term loans	16,499	19,307

B9. Derivative Liabilities

The details of outstanding derivative instruments as at 30 June 2021 are as follow:

	Contracts amount	Liabilities
	RM'000	RM'000
Forward Foreign Exchange Contracts:		
- Less than 1 year	14,255	90

The Group's derivative liabilities 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.

(The rest of this page has been intentionally left blank)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B12. Earnings Per Ordinary Share (“EPS”)

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30/06/2021	30/06/2020	30/06/2021	30/06/2020
Profit after tax attributable to owners of the parent (RM'000)	38,382	17,629	85,041	36,116
<u>Basic</u>				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,252,001	1,252,000	1,252,001	1,252,000
Basic EPS (sen) ⁽²⁾	3.07	1.41	6.79	2.88
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,252,001	1,252,000	1,252,001	1,252,000
Effect of dilution due to employee share option plan ('000)	110	-	55	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,252,111	1,252,000	1,252,056	1,252,000
Diluted EPS (sen) ⁽³⁾	3.07	1.41	6.79	2.88

(1) Includes the retrospective effect of bonus issue of 626,000,000 bonus shares listed on 11 January 2021. Excluding this, the basic and diluted EPS for the individual and cumulative financial period ended 30 June 2020 was 2.82 sen and 5.77 sen respectively.

(2) 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.

(3) 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.

(The rest of this page has been intentionally left blank)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B13. Profit Before Tax

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

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	30/06/2021 RM'000	30/06/2020 RM'000	30/06/2021 RM'000	30/06/2020 RM'000
Amortisation of government grant	32	33	66	67
Depreciation of:				
- property, plant and equipment	(1,114)	(876)	(2,209)	(1,751)
- right-of-use assets	(545)	(481)	(1,118)	(959)
Fair value adjustment on derivative assets/liabilities	25	241	(94)	(12)
Gain on lease modification	-	-	2	-
Impairment losses on:				
- contract assets	(2,822)	(3,458)	(2,822)	(3,458)
- trade receivables	(1,204)	(419)	(1,204)	(419)
Interest expense	(175)	(230)	(412)	(461)
Interest income	130	147	267	358
Lease concessions	-	22	-	22
Loss on disposal of property, plant and equipment	(8)	-	(66)	-
Property, plant and equipment written off	(255)	-	(255)	-
Provision for warranties	(3,858)	(4,125)	(7,720)	(7,623)
Realised gain on foreign exchange	4,992	944	6,690	3,312
Reversals of:				
- impairment losses on contract assets	47	732	332	732
- impairment losses on trade receivables	621	159	527	180
- unused provision for warranties	151	2,864	9,239	3,467
Share-based payment transaction	(1,898)	-	(1,898)	-
Unrealised (loss)/gain on foreign exchange	(4,139)	(369)	350	161

(The rest of this page has been intentionally left blank)