



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 2022**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022 ⁽¹⁾

	Unaudited as at 30/09/2022 RM'000	Audited as at 31/12/2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	177,757	107,400
Right-of-use assets	88,773	71,885
	<u>266,530</u>	<u>179,285</u>
Current assets		
Inventories	56,285	12,322
Trade and other receivables	79,915	93,364
Contract assets	97,692	1,521
Derivative assets	-	7
Current tax assets	1,736	1,676
Short term funds	140,957	214,080
Cash and bank balances	82,923	106,348
	<u>459,508</u>	<u>429,318</u>
TOTAL ASSETS	<u>726,038</u>	<u>608,603</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	113,122	113,084
Reserves	415,458	317,955
TOTAL EQUITY	<u>528,580</u>	<u>431,039</u>
Non-current liabilities		
Borrowings	14,192	15,017
Lease liabilities	3,265	3,242
Deferred tax liabilities	8,626	8,626
Government grant	294	393
	<u>26,377</u>	<u>27,278</u>
Current liabilities		
Trade and other payables	104,419	45,178
Contract liabilities	28,525	69,055
Provision for warranties	36,439	34,408
Borrowings	1,100	1,100
Lease liabilities	465	412
Government grant	133	133
	<u>171,081</u>	<u>150,286</u>
TOTAL LIABILITIES	<u>197,458</u>	<u>177,564</u>
TOTAL EQUITY AND LIABILITIES	<u>726,038</u>	<u>608,603</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
30 SEPTEMBER 2022 ⁽¹⁾**

	Unaudited as at 30/09/2022	Audited as at 31/12/2021
Number of ordinary shares in issue ('000)	1,252,135	1,252,131
Net assets per share attributable to owners of the parent (RM)	0.42	0.34

- (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 2021 and the accompanying explanatory notes attached to this interim financial report.

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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 2022


**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER
2022 ⁽¹⁾**

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	156,851	95,334	377,104	326,833
Cost of sales	(107,264)	(61,223)	(264,341)	(194,072)
Gross profit	49,587	34,111	112,763	132,761
Other income	6,399	5,865	19,988	15,443
Net (losses)/gains on impairment of financial assets	(84)	(241)	510	(3,408)
Administrative and marketing expenses	(14,536)	(10,400)	(36,949)	(29,275)
Finance cost	(137)	(126)	(388)	(538)
Profit before tax	41,229	29,209	95,924	114,983
Tax expense	(262)	(214)	(860)	(947)
Profit for the financial period	40,967	28,995	95,064	114,036
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	(562)	(25)	(1,010)	(70)
Total comprehensive income for the financial period attributable to owners of the parent	40,405	28,970	94,054	113,966
Earnings per ordinary share attributable to owners of the parent (sen)				
- Basic ⁽²⁾	3.27	2.32	7.59	9.11
- Diluted ⁽²⁾	3.27	2.32	7.59	9.11

(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 2021 and the accompanying explanatory notes attached to this interim financial report.

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	Non-distributable					Distributable		
	Share capital	Exchange translation reserve	Reorganisation debit reserve	Revaluation reserve	Share grant reserve	Share option reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	113,084	(69)	(39,500)	8,370	-	1,481	347,673	431,039
Profit for the financial period	-	-	-	-	-	-	95,064	95,064
Foreign currency translations	-	(1,010)	-	-	-	-	-	(1,010)
Other comprehensive income, net of tax	-	(1,010)	-	-	-	-	-	(1,010)
Total comprehensive income	-	(1,010)	-	-	-	-	95,064	94,054
Realisation of revaluation surplus	-	-	-	(184)	-	-	184	-
Transactions with owners:								
Issuance of ordinary shares pursuant to ESGP ⁽²⁾	-	-	-	-	3,463	-	-	3,463
Issuance of ordinary shares pursuant to ESOP ⁽³⁾	38	-	-	-	-	(309)	295	24
Total transactions with owners	38	-	-	-	3,463	(309)	295	3,487
Balance as at 30 September 2022	113,122	(1,079)	(39,500)	8,186	3,463	1,172	443,216	528,580
Balance as at 1 January 2021	111,951	3	(39,500)	8,604	-	-	205,688	286,746
Profit for the financial period	-	-	-	-	-	-	114,036	114,036
Foreign currency translations	-	(70)	-	-	-	-	-	(70)
Other comprehensive income, net of tax	-	(70)	-	-	-	-	-	(70)
Total comprehensive income	-	(70)	-	-	-	-	114,036	113,966
Realisation of revaluation surplus	-	-	-	(174)	-	-	174	-
Transactions with owners:								
Share-based payment transaction	-	-	-	-	-	1,898	-	1,898
Issuance of ordinary shares pursuant to ESOP ⁽³⁾	474	-	-	-	-	(174)	-	300
Total transactions with owners	474	-	-	-	-	1,724	-	2,198
Balance as at 30 September 2021	112,425	(67)	(39,500)	8,430	-	1,724	319,898	402,910

(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 2021 and the accompanying explanatory notes attached to this interim financial report.

(2) ESGP - Employees' Share Grant Plan

(3) ESOP - Employees' Share Option Plan

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	9 months ended	
	30/09/2022	30/09/2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	95,924	114,983
Adjustments for:		
Amortisation of government grant	(99)	(99)
Depreciation of:		
- property, plant and equipment	5,995	3,398
- right-of-use assets	1,352	1,663
Fair value adjustment on derivative assets/liabilities	7	48
Gain on lease modification	-	(3)
Interest expense	388	538
Interest income	(655)	(514)
Lease concessions	-	(23)
Loss on disposal of property, plant and equipment	24	25
Net (gains)/losses on impairment of:		
- contract assets	128	304
- trade receivables	(638)	3,104
Property, plant and equipment written off	481	255
Provision for warranties	8,673	10,315
Reversal of unused provision for warranties	(6,642)	(11,128)
Share-based payment transaction	-	1,898
Share grant expenses	3,463	-
Unrealised gain on foreign exchange	(5,805)	(1,438)
Operating profit before changes in working capital	102,596	123,326
(Increase)/Decrease in inventories	(43,963)	2,894
Decrease/(Increase) in trade and other receivables	12,089	(86,312)
(Increase)/Decrease in contract assets	(96,299)	3,697
Increase in trade and other payables	59,497	218
(Decrease)/Increase in contract liabilities	(40,530)	53,436
Cash (used in)/generated from operations	(6,610)	97,259
Interest paid	(340)	(471)
Interest received	655	514
Tax paid	(468)	(541)
Net cash (used in)/generated from operating activities	(6,763)	96,761

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

	9 months ended	
	30/09/2022	30/09/2021
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	22	373
Purchases of:		
- property, plant and equipment	(76,803)	(25,640)
- right-of-use assets	(17,835)	(259)
Net changes in deposits with licensed bank (more than three months)	-	(5,066)
Net cash used in investing activities	(94,616)	(30,592)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
- issuance of ordinary shares	24	300
- term loans	-	16,500
Repayments of:		
- lease liabilities	(384)	(854)
- term loans	(825)	(18,727)
Net cash used in financing activities	(1,185)	(2,781)
Net changes in cash and cash equivalents	(102,564)	63,388
Effects of exchange rate changes on cash and cash equivalents	6,016	57
Cash and cash equivalents at beginning of financial period	320,428	284,023
Cash and cash equivalents at end of financial period	223,880	347,468
Cash and cash equivalents comprise the following at end of financial period:		
Cash and bank balances	82,923	79,041
Deposits with licensed bank (more than three months)	-	6,573
Short term funds	140,957	268,427
	223,880	354,041
Less: Deposits with licensed bank (more than three months)	-	(6,573)
	223,880	347,468

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022 ⁽¹⁾

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Term loans
	RM'000	RM'000
Balance as at 1 January 2022	3,654	16,117
Cash flows	(384)	(825)
Non-cash flows		
- addition of lease liabilities	28	-
- effects of lease modification	(1)	-
- translation difference	385	-
- unwinding of interest	48	-
Balance as at 30 September 2022	<u>3,730</u>	<u>15,292</u>

	Lease liabilities	Term loans
	RM'000	RM'000
Balance as at 1 January 2021	1,754	18,618
Cash flows	(854)	(2,227)
Non-cash flows		
- addition of lease liabilities	3,702	-
- effects of lease modification	(52)	-
- lease concessions	(23)	-
- unwinding of interest	67	-
Balance as at 30 September 2021	<u>4,594</u>	<u>16,391</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 2021 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 2021 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 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

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 2023

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>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and 9 - Comparative Information</i>	1 January 2023
<i>Amendments to MFRS 101 Presentations of Financial Statements - Classification of Liabilities as Current or Non-Current and Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 108 Definition of Accounting Estimates</i>	1 January 2023
<i>Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
<i>Amendment to MFRS 16 Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
<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 2021.

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 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.

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 September 2022, the Group does not have any material capital commitments:

Property, Plant and Equipment	RM'000
- Approved and contracted for	<u>1,546</u>

Capital commitments of the Group relate to the electrical installation, computer systems, motor vehicle and office equipment, plant and machinery, renovation and tools and equipment.

A15. Significant Related Party Transactions

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

A16. Fair Value of Financial Liabilities

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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

B1. Review of Group's Performance

	Individual Quarter 3 Months Ended		Changes		Cumulative Quarter 9 Months Ended		Changes	
	30-09-22	30-09-21			30-09-22	30-09-21		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	156,851	95,334	61,517	64.53%	377,104	326,833	50,271	15.38%
Cost Of Goods Sold	(107,264)	(61,223)			(264,341)	(194,072)		
Gross Profit ("GP")	49,587	34,111	15,476	45.37%	112,763	132,761	(19,998)	(15.06%)
Other Operating Expenses	(8,358)	(4,902)			(16,839)	(17,778)		
Profit Before Tax ("PBT")	41,229	29,209	12,020	41.15%	95,924	114,983	(19,059)	(16.58%)
GP %	31.61%	35.78%			29.90%	40.62%		
PBT %	26.29%	30.64%			25.44%	35.18%		

Comparison with prior year corresponding quarter results

The Group's revenue of RM156.85 million for the current financial quarter were 64.53% or RM61.52 million higher than that of prior year corresponding quarter. The increase was mainly attributable to the higher revenue recognised from the Production Line Systems ("PLS") of solar industry driven by several orders secured in the 4th quarter of 2021.

The Group has recorded a higher gross profit ("GP") of RM49.59 million despite of lower gross profit margin ("GP margin") of 31.61% as compared to RM34.11 million and 35.78% respectively in the prior year corresponding quarter. The declined in current quarter's GP margin was primarily impacted by higher employees' compensation and benefits expenses arising from increased employees headcounts. For informational purpose, the normalised GP margin without the net warranty impact was 31.38% and 36.52% respectively for current quarter and prior year corresponding quarter.

The Group's profit before tax ("PBT") for the current financial quarter was RM41.23 million or 26.29%, an increase of RM12.02 million or 41.15% as compared to the prior year corresponding quarter. The increase in PBT was primarily contributed by higher GP of RM15.48 million, partially offset by higher employees' compensation and benefit expenses arising from increased employees headcount and share grant expenses of RM2.30 million and RM1.00 million respectively. Despite a higher PBT recorded, the Group's PBT margin was lower, which was in tandem with the lower GP margin. The normalised PBT margin without the net warranty impact was 26.05% and 31.38% respectively for current financial quarter and prior year corresponding quarter.

Comparison with prior year cumulative quarter results

The Group's cumulative revenue has increased by RM50.27 million or 15.38% from RM326.83 million in 2021 to RM377.10 million in 2022. The increase was mainly attributable to the higher revenue recorded from PLS driven by large scale new capital investment plans of a major customer in solar industry in the end of 2021. Several orders were secured in the 4th quarter of 2021.

Despite the increase in revenue, the Group's GP has decreased by RM20.00 million or 15.06% in the cumulative financial quarter. The GP margin has also reduced from 40.62% to 29.90%. The cumulative financial quarter's margin was negatively impacted by (i) increase in project expenditure attributable to higher material and component cost; (ii) increase in subcontract charges to ensure timely completion and delivery of customer projects; and (iii) higher employees compensation and benefit expenses from increased employees headcounts. The normalised GP margin without the net warranty impact was 30.44% and 40.37% respectively.

The Group's PBT has reduced by RM19.06 million or 16.58% from RM114.98 million in 2021 to RM95.92 million in 2022. The decreased in PBT was primarily contributed by the decline of GP, higher administrative and marketing expenses attributable to the increased in local employees headcounts and share grant expenses of RM5.13 million and other expansion related expenses of RM2.30 million, offset by higher net increase in foreign exchange gain of RM2.69 million and net gain on impairment of contract assets and trade receivables of RM3.92 million. The normalised PBT margin without the net warranty impact was 25.98% and 34.93% respectively.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes	
	30/9/2022 RM'000	30/6/2022 RM'000		
Revenue	156,851	118,097	38,754	32.82%
Cost Of Goods Sold	(107,264)	(90,131)		
Gross Profit ("GP")	49,587	27,966	21,621	77.31%
Other Operating Expenses	(8,358)	(2,565)		
Profit Before Tax ("PBT")	41,229	25,401	15,828	62.31%
GP %	31.61%	23.68%		
PBT %	26.29%	21.51%		

The Group's revenue for the current financial quarter ended 30 September 2022 has increased by RM38.75 million or 32.82% as compared to the preceding financial quarter ended 30 June 2022. This was mainly attributable to the execution of projects driven by strong opening order from a major customer in solar industry, despite of the supply chain challenges faced across the business.

The Group's GP increased by RM21.62 million or 77.31% as compared to preceding financial quarter. The GP margin has also increased from 23.68% to 31.61%. The normalised GP margin without the net warranty impact was 31.38% and 24.15% respectively for current financial quarter and immediate preceding quarter. This is due to the higher revenue recorded, partially offset by higher employees' compensation and benefit expenses.

The PBT of the Group for the current financial quarter has increased by RM15.83 million as compared to preceding financial quarter. Meantime, there was an increase of PBT margin from 21.51% to 26.29%. The increase of PBT was mainly contributed by higher GP of RM21.62 million, offset by higher employees' compensation and benefits expenses of RM2.08 million, net loss on impairment of contract assets and trade receivables of RM1.50 million and lower net foreign exchange gain of RM3.35 million. The normalised PBT margin without the net warranty impact was 26.05% and 21.98% respectively for current financial quarter and immediate preceding quarter.

B3. Commentary on Prospects

Coming to third quarter of 2022, while the Group's financial results reflect some improvement in the global supply chain, considerable challenges persist, in particular relating to the critical components. The macroeconomy for 2022 continues to face steep challenges caused by the Russian-Ukraine conflict, frequent lockdowns under China's zero COVID policy as well as rapid tightening of monetary conditions by global policymakers to bring inflation under control. The Group continue to be confident in our ability to navigate the current macroeconomic uncertainty and volatility in the global supply chain that led to extended project build times which have impacted the Group's operational efficiencies and margins. Ongoing mitigation of global supply chain disruption such as investing in inventory, price management practices and other actions have been implemented to monitor macroeconomic challenges and key margin drivers.

The Inflation Reduction Act of 2022 (IRA) in USA includes financial incentives to spur investment in climate and clean energy has accelerated commercial momentum in clean energy manufacturing. The Group see the prospect of growth in our key market sectors and anticipate making progress in both solar energy and electric vehicle industry. To ensure the Group are well positioned to serve our customers in resilient end markets, the Board has approved an RM120.00 million of investment to build a new approximately 500,000 square feet facility on a 11.58 acre site in Batu Kawan Industrial Park, Penang, which will commence operations towards the end of 2023. The investment will significantly expand our capacity to help our customers create a low carbon, safer and sustainable world.

As of 17 November 2022, the Group's order book stood at RM887.84 million, which is expected to last until first half of 2024.

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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

On 11 August 2022, the Company has entered into a Memorandum of Understanding (“**MOU**”) with Garreth Finlay and Fergus Hynes (“**Vendors**”) in relation to the proposed acquisition of 60% equity interest in Kaon Automation Limited (“**Proposed Acquisition**”).

On 7 October 2022, the Company and the Vendors have mutually agreed to extend the MOU and the period to finalise and execute the share purchase agreement for a further period of two (2) months commencing from 10 October 2022 and expiring on 9 December 2022. Save for the foregoing, all other terms and conditions of the MOU remain the same.

A detailed announcement on the Proposed Acquisition will be made upon finalisation of the terms and conditions and execution of the share purchase agreement and shareholders’ agreement.

Saved for the above, there were no other corporate proposals announced and not completed as at the date of this interim financial report.

B6. Tax Expense

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM’000	RM’000	RM’000	RM’000
Malaysian income tax				
- Current tax	(153)	(183)	(408)	(480)
- Deferred tax	-	-	-	-
Withholding tax expense	(109)	(31)	(452)	(467)
	<u>(262)</u>	<u>(214)</u>	<u>(860)</u>	<u>(947)</u>
Effective tax rate	0.64%	0.73%	0.90%	0.82%

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. (“**GIM**”), 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.

GIM has granted approval-in-principle by Malaysian Investment Development Authority (“**MIDA**”) under Income Tax Act 1967 on 29th June 2022 for its pioneer status incentive application for the robotic and factory automation system and related modules and components for electric vehicle and energy storage industries. The statutory income for this activity is exempted from tax for a period of ten (10) years from the manufacturing date.

GIM is required to submit the application of pioneer status certificate to MIDA within twenty-four (24) months of the approval date. As at the date of this report, the application has yet been submitted to MIDA.

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.

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 30 September 2022 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	15,216	85%
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	70,264	96%

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	
	30/09/2022	30/09/2021
	RM'000	RM'000
Secured:		
Current liabilities		
Term loans	1,100	1,100
Non-current liabilities		
Term loans	14,192	15,291
Total liabilities		
Term loans	15,292	16,391

B9. Material Litigation

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

B10. Proposed Dividend

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B11. Earnings Per Ordinary Share (“EPS”)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Profit after tax attributable to owners of the parent (RM'000)	40,967	28,995	95,064	114,036
Basic				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,252,135	1,252,018	1,252,135	1,252,007
Basic EPS (sen) ⁽²⁾	3.27	2.32	7.59	9.11
Diluted				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,252,135	1,252,018	1,252,135	1,252,007
Effect of dilution due to employee share option plan ('000) ⁽³⁾	-	100	-	34
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,252,135	1,252,118	1,252,135	1,252,041
Diluted EPS (sen) ⁽³⁾	3.27	2.32	7.59	9.11

(1) Basic EPS for the financial period is calculated by dividing the profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period.

(2) Diluted EPS for the financial period is calculated by dividing the profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

(3) Diluted loss per ordinary share equal basic loss per ordinary share as the effect on the basic loss per ordinary share is anti-dilutive

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B12. Profit Before Tax

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Amortisation of government grant	33	33	99	99
Depreciation of:				
- property, plant and equipment	(2,295)	(1,189)	(5,995)	(3,398)
- right-of-use assets	(464)	(545)	(1,352)	(1,663)
Fair value adjustment on derivative assets/liabilities	-	46	(7)	(48)
Gain on lease modification	-	1	-	3
Interest expense	(137)	(126)	(388)	(538)
Interest income	246	247	655	514
Lease concessions	-	23	-	23
(Loss)/Gain on disposal of property, plant and equipment	(6)	41	(24)	(25)
Net gains/(losses) on impairment of:				
- contract assets	(104)	2,186	(128)	(304)
- trade receivables	20	(2,427)	638	(3,104)
Property, plant and equipment written off	(166)	-	(481)	(255)
Provision for warranties	(3,154)	(2,595)	(8,673)	(10,315)
Realised gain on foreign exchange	2,715	3,373	8,387	10,063
Reversal of unused provision for warranties	3,526	1,889	6,642	11,128
Share-based payment transaction	-	-	-	(1,898)
Share grant expenses	(995)	-	(3,463)	-
Unrealised gain on foreign exchange	1,159	1,088	5,805	1,438

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