



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 2023**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 ⁽¹⁾

	Unaudited as at 31/12/2023 RM'000	Audited as at 31/12/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	345,285	193,615
Right-of-use assets	98,721	97,942
Intangible Assets	11,332	-
	<u>455,338</u>	<u>291,557</u>
Current assets		
Inventories	52,989	21,968
Trade and other receivables	162,495	111,316
Contract assets	137,350	193,607
Derivative assets	184	-
Current tax assets	50	1,744
Short term funds	33,899	108,304
Cash and bank balances	153,954	218,355
	<u>540,921</u>	<u>655,294</u>
TOTAL ASSETS	<u>996,259</u>	<u>946,851</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	122,537	116,585
Reserves	628,829	470,180
TOTAL EQUITY	<u>751,366</u>	<u>586,765</u>
Non-current liabilities		
Borrowings	12,817	13,917
Lease liabilities	5,458	3,046
Deferred tax liabilities	9,068	9,217
Government grant	128	260
	<u>27,471</u>	<u>26,440</u>
Current liabilities		
Trade and other payables	119,075	67,789
Contract liabilities	75,546	237,356
Provision for warranties	16,289	26,752
Borrowings	1,673	1,100
Lease liabilities	1,920	516
Government grant	133	133
Current tax liability	2,786	-
	<u>217,422</u>	<u>333,646</u>
TOTAL LIABILITIES	<u>244,893</u>	<u>360,086</u>
TOTAL EQUITY AND LIABILITIES	<u>996,259</u>	<u>946,851</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2023 ⁽¹⁾**

	Unaudited as at 31/12/2023	Audited as at 31/12/2022
Number of ordinary shares in issue ('000)	1,254,199	1,252,837
Net assets per share attributable to owners of the parent (RM)	0.5991	0.4683

(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 2022 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 2023 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	154,640	169,110	658,750	546,214
Cost of sales	<u>(96,308)</u>	<u>(118,451)</u>	<u>(454,439)</u>	<u>(382,792)</u>
Gross profit	58,332	50,659	204,311	163,422
Other income	3,015	(2,484)	27,029	17,504
Net gain/(losses) on impairment of financial assets	3,228	(3,719)	(213)	(3,209)
Administrative and marketing expenses	(19,642)	(12,305)	(64,296)	(49,254)
Finance cost	<u>(266)</u>	<u>(176)</u>	<u>(750)</u>	<u>(564)</u>
Profit before tax	44,667	31,975	166,081	127,899
Taxation	<u>(3,117)</u>	<u>4,849</u>	<u>(11,710)</u>	<u>3,989</u>
Profit for the financial period/year	41,550	36,824	154,371	131,888
Other comprehensive income/(expense)				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	<u>314</u>	<u>626</u>	<u>(431)</u>	<u>(332)</u>
Item that will not be reclassified subsequently to profit or loss				
Revaluation surplus on property, plant and equipment and right-of-use assets	<u>-</u>	<u>17,233</u>	<u>-</u>	<u>17,233</u>
Total comprehensive income for the financial period attributable to owners of the parent	<u>41,864</u>	<u>54,683</u>	<u>153,940</u>	<u>148,789</u>
Earnings per ordinary share attributable to owners of the parent (sen)				
- Basic ⁽²⁾	<u>3.31</u>	<u>2.94</u>	<u>12.32</u>	<u>10.53</u>
- Diluted ⁽²⁾	<u>3.30</u>	<u>2.94</u>	<u>12.28</u>	<u>10.49</u>

⁽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 2022 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 2023 ⁽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 2023	116,585	(401)	(39,500)	25,348	3,450	1,138	480,145	586,765
Profit for the financial year	-	-	-	-	-	-	154,371	154,371
Foreign currency translations	-	(431)	-	-	-	-	-	(431)
Other comprehensive expense, net of tax	-	(431)	-	-	-	-	-	(431)
Total comprehensive income	-	(431)	-	-	-	-	154,371	153,940
Realisation of revaluation surplus	-	-	-	(600)	-	-	600	-
Transactions with owners:								
Issuance of ordinary shares pursuant to ESGP ⁽²⁾	5,952	-	-	-	(5,952)	-	-	-
ESGP ⁽²⁾ expenses	-	-	-	-	10,661	-	-	10,661
Share options lapsed pursuant to ESOP ⁽³⁾	-	-	-	-	-	(1,138)	1,138	-
Total transactions with owners	5,952	-	-	-	4,709	(1,138)	1,138	10,661
Balance as at 31 December 2023	122,537	(832)	(39,500)	24,748	8,159	-	636,254	751,366
Balance as at 1 January 2022	113,084	(69)	(39,500)	8,370	-	1,481	347,673	431,039
Profit for the financial year	-	-	-	-	-	-	131,888	131,888
Gross revaluation increase of properties	-	-	-	22,666	-	-	-	22,666
Deferred tax relating to revalued properties	-	-	-	(5,433)	-	-	-	(5,433)
Foreign currency translations	-	(332)	-	-	-	-	-	(332)
Other comprehensive income, net of tax	-	(332)	-	17,233	-	-	-	16,901
Total comprehensive income	-	(332)	-	17,233	-	-	131,888	148,789
Realisation of revaluation surplus	-	-	-	(255)	-	-	255	-
Transactions with owners:								
Issuance of ordinary shares pursuant to ESGP ⁽²⁾	3,463	-	-	-	-	-	-	3,463
SGP expenses	-	-	-	-	3,450	-	-	3,450
Issuance of ordinary shares pursuant to ESOP ⁽³⁾	38	-	-	-	-	(343)	329	24
Total transactions with owners	3,501	-	-	-	3,450	(343)	329	6,937
Balance as at 31 December 2022	116,585	(401)	(39,500)	25,348	3,450	1,138	480,145	586,765

⁽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 2022 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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 ⁽¹⁾

Notes	12 months ended	
	31/12/2023 RM'000	31/12/2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	166,081	127,899
Adjustments for:		
Amortisation of government grant	(133)	(133)
Depreciation of:		
- property, plant and equipment	12,894	8,541
- right-of-use assets	2,517	1,780
Fair value adjustment on derivative assets	(184)	8
(Gain)/Loss on disposal of property, plant and equipment	(50)	19
Gain on lease modification	2	-
Impairment (gains)/losses on:		
- contract assets	(2,161)	2,502
- trade receivables	2,375	707
Interest expense	750	564
Interest income	(7,142)	(1,268)
Inventories written down	-	27
Property, plant and equipment written off	5	481
Provision for warranties	5,940	9,350
Reversal of unused provision for warranties	(16,403)	(17,006)
Share grant expenses	10,660	6,913
Unrealised loss on foreign exchange	2,636	1,050
Operating profit before changes in working capital	177,787	141,434
Increase in inventories	(28,759)	(9,673)
Increase in trade and other receivables	(48,776)	(20,231)
Decrease/(Increase) in contract assets	58,418	(194,589)
Increase in trade and other payables	37,717	20,924
(Decrease)/Increase in contract liabilities	(167,451)	168,301
Cash generated from operations	28,936	106,166
Interest paid	(638)	(499)
Interest received	7,142	1,268
Tax paid	(9,092)	(468)
Tax refunded	1,713	-
Net cash from operating activities	28,061	106,467

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 ⁽¹⁾

	12 months ended	
	31/12/2023	31/12/2022
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary	A12 (1,853)	-
Proceeds from disposal of property, plant and equipment	50	31
Purchases of:		
- property, plant and equipment	(161,743)	(80,311)
- right-of-use assets	-	(17,835)
	<u>(163,546)</u>	<u>(98,115)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
- issuance of ordinary shares	-	24
Repayments of:		
- lease liabilities	(739)	(519)
- term loans	(1,100)	(1,100)
	<u>(1,839)</u>	<u>(1,595)</u>
Net cash used in financing activities		
Net changes in cash and cash equivalents	(137,324)	6,757
Effects of exchange rate changes	(1,482)	(526)
Cash and cash equivalents at beginning of financial year	<u>326,659</u>	<u>320,428</u>
Cash and cash equivalents at end of financial year	<u><u>187,853</u></u>	<u><u>326,659</u></u>
Cash and cash equivalents comprise the following at end of financial year:		
Cash and bank balances	153,954	198,355
Short term funds	33,899	128,304
	<u><u>187,853</u></u>	<u><u>326,659</u></u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2023 ⁽¹⁾

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities RM'000	Term loans RM'000
Balance as at 1 January 2023	3,562	15,017
Cash flows	(739)	(1,100)
Non-cash flows		
- pre-acquisition movement	4,252	573
- addition of lease liabilities	73	-
- effects of lease modification	9	-
- translation difference	109	-
- unwinding of interest	112	-
Balance as at 31 December 2023	<u>7,378</u>	<u>14,490</u>

	Lease liabilities RM'000	Term loans RM'000
Balance as at 1 January 2022	3,654	16,117
Cash flows	(519)	(1,100)
Non-cash flows		
- addition of lease liabilities	156	-
- translation difference	206	-
- unwinding of interest	65	-
Balance as at 31 December 2022	<u>3,562</u>	<u>15,017</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 2022 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 2022 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 period

Title	Effective date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts - Initial Application of MFRS 17 and 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors - 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
Amendment to MFRS 101 <i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendment to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	1 January 2023

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 2024

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
Amendment to MFRS 16 <i>Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendment to MFRS 101 <i>Presentation of Financial Statements - Non-Current Liabilities with Covenants</i>	1 January 2024
Amendment to MFRS 102 <i>Non-Current Liabilities with Covenants (Amendment to MFRS 101)</i>	1 January 2024
Amendment to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendment to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
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 2022.

A4. Seasonal or Cyclical Factors

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

A5. Material Unusual Items

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

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year under review.

On 12 July 2023, the Group had issued 734,300 new ordinary shares at an exercise price of RM3.88 pursuant to the Employees' Share Grant Plan ("ESGP").

On 10 October 2023, the Group had issued 302,400 & 325,500 new ordinary shares at an exercise price of RM5.07 & RM4.80 pursuant to the ESGP.

A8. Dividend Paid

There was no dividend paid during the current financial quarter and financial year 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 on its leasehold buildings and leasehold land classified under Property, Plant and Equipment ("PPE") and Right-Of-Use ("ROU") assets respectively, are performed by an independent professional valuer using the open market value basis on 31 December 2022.

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.

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 and financial year under review except for:

Acquisition of a subsidiary

During the financial quarter under review, the Group completed the acquisition of the entire equity of Allied Automation Limited ("AAL"), an Irish based company for a total purchase consideration of €1 million (approximately RM5.09 million). Subsequently, AAL changes its name to Greatech Integration (Ireland) Limited ("GII").

GII principal activity is development, design and precision engineering of custom automated equipment.

Details of net assets and net cash outflow arising from the acquisition of the subsidiary are as follows:

	RM'000
Fair value of net liabilities acquired	(6,246)
Intangible Assets	11,332
Purchase consideration	5,086
Less: Cash and cash equivalents of subsidiary acquired	(3,233)
Net cash outflow on acquisition	<u>1,853</u>

The fair value of net liabilities and intangible assets in the above acquisition are provisional and will be adjusted, if necessary, upon completion of the purchase price allocation as allowed under MFRS 3.

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 2023, the Group does not have any material capital commitments:

Property, Plant and Equipment	RM'000
- Approved and contracted for	<u>56,067</u>

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

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

	Individual Quarter 3 Months Ended		Changes		Cumulative Quarter 12 Months Ended		Changes	
	31/12/2023	31/12/2022			31/12/2023	31/12/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	154,640	169,110	(14,470)	(8.56%)	658,750	546,214	112,536	20.60%
Cost Of Goods Sold	(96,308)	(118,451)			(454,439)	(382,792)		
Gross Profit ("GP")	58,332	50,659	7,673	15.15%	204,311	163,422	40,889	25.02%
Other Operating Expenses	(13,665)	(18,684)			(38,230)	(35,523)		
Profit Before Tax ("PBT")	44,667	31,975	12,692	39.69%	166,081	127,899	38,182	29.85%
GP %	37.72%	29.96%			31.01%	29.92%		
PBT %	28.88%	18.91%			25.21%	23.42%		

Comparison with prior year corresponding quarter's results

The Group's revenue of RM154.64 million for the current financial quarter ended 31 December 2023 ("4Q2023") were RM14.47 million or 8.56% lower than that of preceding financial quarter ended 31 December 2022 ("4Q2022"). The decrease was mainly attributable to the lower revenue recognised from Production Line System ("PLS") compared to prior year where there was a higher revenue contribution from Solar industries.

The Group has recorded a gross profit ("GP") of RM58.33 million and gross profit margin ("GP margin") of 37.72% in 4Q2023 as compared to RM50.66 million and 29.96% respectively in 4Q2022. The normalised GP margin without the net warranty impact was 34.06% and 24.23% respectively for 4Q2023 and 4Q2022. The increase in 4Q2023 normalised GP margin was mainly due to lower project expenditure incurred compared to 4Q2022 where the global supply chain were impacted by bottlenecks resulting in higher material and component cost; offset by a higher employees' compensation and benefit expenses from increased headcounts.

The Group's profit before tax ("PBT") for the 4Q2023 was RM44.67 million, increased by RM12.69 million or 39.69% compared to the 4Q2022. The Group's profit before tax margin ("PBT margin") has increased from 18.91% to 28.88%. The normalised PBT margin without the net warranty impact was 25.22% and 13.18% respectively for 4Q2023 and 4Q2022. The increase in PBT was mainly contributed by (i) the increase of GP of RM7.67 million; (ii) reversal of impairment on contract assets and trade receivables which amounting to RM6.95 million; (iii) net foreign exchange gain which amounting to RM2.36 million; (iv) increase in interest income of RM0.89 million; offset by higher employees' compensation and benefit expenses from increased headcount of RM5.14 million.

Comparison with prior year corresponding cumulative quarter's results

The Group reported revenue of RM658.75 million for the twelve-month financial year ended 31 December 2023 ("12M2023"), 20.60% higher than the RM546.21 million recorded in the previous corresponding year ended 31 December 2022 ("12M2022"). The increase was mainly attributable to the revenue growth and a stronger order book entering the year 2023 compared to the prior year.

The Group's GP was RM204.31 million with a GP margin of 31.01% for the 12M2023, increase by RM40.89 million or 25.02% compared to 12M2022. The normalised GP margin without the net warranty impact was 29.43% and 28.52% respectively for the 12M2023 and 12M2022. The increase in normalised GP margin was mainly due to lower project expenditure incurred compared to 12M2022, where the global supply chain were impacted by bottlenecks resulting in higher material and component cost; offset by higher employees' compensation and benefit expenses from increased headcount.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B1. Review of Group's Performance (Continued)

Comparison with prior year corresponding cumulative quarter's results (Continued)

The Group's reported PBT of RM166.08 million for the 12M2023, RM38.18 million or 29.85% higher than the RM127.90 million recorded in the 12M2022. The normalised PBT margin without net warranty impact was 23.62% and 22.02% respectively for the 12M2023 and 12M2022. The increase in PBT was primarily contributed by the increase in GP of RM40.89 million, net foreign exchange gain which amounting RM2.29 million, reversal of impairment on contract assets and trade receivables which amounting to RM3.00 million, offset by higher employees' compensation and Long Term Incentive Plan expenses amounting to RM8.29 million.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes	
	31/12/2023 RM'000	30/9/2023 RM'000	RM'000	%
Revenue	154,640	224,822	(70,182)	(31.22%)
Cost Of Goods Sold	(96,308)	(160,999)		
Gross Profit ("GP")	58,332	63,823	(5,491)	(8.60%)
Other Operating (Expenses)/Income	(13,665)	(13,713)		
Profit Before Tax ("PBT")	44,667	50,110	(5,443)	(10.86%)
GP %	37.72%	28.39%		
PBT %	28.88%	22.29%		

The Group's revenue for 4Q2023 experienced a decline of RM70.18 million or 31.22% relative to the preceding quarter. This decrease was primarily due to lower revenue at the current financial quarter, which was influenced by the schedules of customer projects.

The Group's GP decreased by RM5.49 million or 8.60% as compared to preceding financial quarter. Despite the lower GP, the GP margin has increase from 28.39% to 37.72%. The normalised GP margin without the net warranty impact was 34.06% and 29.01% respectively for 4Q2023 and 3Q2023. The increase in 4Q2023 normalised GP margin was mainly due to lower project expenditure incurred compared to immediate preceding quarter as there is lesser projects in the fabrication and assembly stage, offset by higher packing and travelling expenses incurred for the shipment, installation and commissioning of machine abroad.

The PBT of the Group for the 4Q2023 has decreased by RM5.44 million from RM50.11 million to RM44.67 million. Despite the lower PBT, the PBT margin has increase from 22.29% to 28.88%. The normalised PBT margin has increase from 22.92% to 25.22%. The increase in normalised PBT margin was in line with increase in GP margin, offset by net foreign exchange loss in 4Q2023.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on Prospects

After achieving a positive financial performance and maintaining a strong order book for the financial ending on 31 December 2023, the Group is optimistic about sustaining this momentum into the year 2024. Despite facing challenges in the broader economic landscape, the Group is encouraged by the resilience and ongoing investment interest displayed by our global customers, particularly within the Life Science, E-Mobility and Solar industries.

The sustained willingness of our customers to invest, along with high levels of market activity, reflects the strength of our relationships and the trust they place in our capabilities. As the Group look ahead, the acquisition of the Irish-based automation company and the expected completion of the fourth factory at Batu Kawan Industrial Park, Penang, position the Group well to navigate through economic uncertainties and drive sustainable growth.

The Group maintains its unwavering commitment to delivering value to the customers and stakeholders while embracing innovation and adapting to the evolving market dynamics. As we look forward to the year 2024, the Group anticipates approximately RM105 million in capital expenditure. This investment includes the acquisition of a piece of land at Batu Kawan Industrial Park in Penang to seize the growth opportunities in global markets.

As of 20 February 2024, the Group's outstanding order book stood at approximately RM1.04 billion and is expected to last until first half of 2025. The Group is confident to generate more orders in 2024 especially in E-Mobility, Life Science and Solar industry.

B4. Profit Forecast

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

B5. Status of Corporate Proposals

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Taxation

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current expense	(3,265)	8	(11,842)	(400)
- Deferred tax	148	4,841	148	4,841
Withholding tax expense	-	-	(16)	(452)
	<u>(3,117)</u>	<u>4,849</u>	<u>(11,710)</u>	<u>3,989</u>
Effective tax rate	6.98%	-	7.05%	-

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 for certain activities in designing and manufacturing of production line system and single automated equipment, which fall within the list of promoted activities and products by Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986.

The effective tax rate for both the current quarter and financial year-to-date under review for the Group was higher compared to prior year mainly due to the expiration of the pioneer status on 28 March 2023 for certain products which resulted in the statutory income subjected to tax. The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products.

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. Borrowings and Debt Securities

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

	Unaudited	
	31/12/2023	31/12/2022
	RM'000	RM'000
Secured:		
Current liabilities		
Bank overdraft	495	-
Finance lease liabilities	157	-
Term loans	1,178	1,100
	<u>1,830</u>	<u>1,100</u>
Non-current liabilities		
Finance lease liabilities	61	-
Term loans	12,817	13,917
	<u>12,878</u>	<u>13,917</u>
Total liabilities		
Bank overdraft	495	-
Finance lease liabilities	218	-
Term loans	13,995	15,017
	<u>14,708</u>	<u>15,017</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B8. Derivative Assets

The details of outstanding derivative instruments as at 31 December 2023 are as follow:

	Contracts amount	Assets
	RM'000	RM'000
Forward Foreign Exchange Contracts:		
- Less than 1 year	27,274	184

The Group's derivative assets at the end of the current financial period/year 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.

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 and financial year under review.

B11. Earnings Per Ordinary Share ("EPS")

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Profit after tax attributable to owners of the parent (RM'000)	41,550	36,824	154,371	131,888
<u>Basic</u>				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,254,131	1,252,753	1,253,328	1,252,291
Basic EPS (sen) ⁽²⁾	3.31	2.94	12.32	10.53
<u>Diluted</u>				
Weighted average number of ordinary shares in issue ('000) ⁽¹⁾	1,254,131	1,252,753	1,253,328	1,252,291
Effect of dilution due to employee share grant plan ('000) ⁽³⁾	3,940	5,302	3,940	5,302
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,258,071	1,258,055	1,257,268	1,257,593
Diluted EPS (sen) ⁽³⁾	3.30	2.93	12.28	10.49

⁽¹⁾ Basic EPS for the financial period/year 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/year.

⁽²⁾ Diluted EPS for the financial period/year 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/year 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B12. Profit Before Tax

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

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
Amortisation of government grant	35	34	133	133
Depreciation of:				
- property, plant and equipment	(3,671)	(2,546)	(12,894)	(8,541)
- right-of-use assets	(721)	(428)	(2,517)	(1,780)
Fair value adjustment on derivative assets	184	-	184	(8)
Gain/(Loss) on disposal of property, plant and equipment	50	6	50	(19)
Gain/(Loss) on lease modification	127	-	(2)	-
Interest expense	(266)	(176)	(750)	(564)
Interest income	1,556	589	7,142	1,268
Inventories written down	-	(27)	-	(27)
Net gains/(losses) on impairment of:				
- contract assets	3,068	(2,374)	2,161	(2,502)
- trade receivables	41	(1,345)	(2,375)	(707)
Property, plant and equipment written off	(1)	-	(5)	(481)
Provision for warranties	(1,132)	(677)	(5,940)	(9,350)
Realised gain on foreign exchange	2,340	1,317	13,584	9,704
Reversal of unused provision for warranties	6,794	10,364	16,403	17,006
Share grant expenses	(1,668)	(3,450)	(10,660)	(6,913)
Unrealised loss on foreign exchange	(5,519)	(6,855)	(2,636)	(1,050)

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