



**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 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 <sup>(1)</sup>**

	Unaudited as at 31/12/2022 RM'000	Audited as at 31/12/2021 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	193,615	107,400
Right-of-use assets	97,942	71,885
	<u>291,557</u>	<u>179,285</u>
<b>Current assets</b>		
Inventories	21,953	12,322
Trade and other receivables	111,275	93,364
Contract assets	193,607	1,521
Derivative assets	-	7
Current tax assets	1,744	1,676
Short term funds	128,304	214,080
Cash and bank balances	198,355	106,348
	<u>655,238</u>	<u>429,318</u>
<b>TOTAL ASSETS</b>	<b><u>946,795</u></b>	<b><u>608,603</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	116,585	113,084
Reserves	470,128	317,955
<b>TOTAL EQUITY</b>	<u>586,713</u>	<u>431,039</u>
<b>Non-current liabilities</b>		
Borrowings	13,917	15,017
Lease liabilities	3,046	3,242
Deferred tax liabilities	9,217	8,626
Government grant	260	393
	<u>26,440</u>	<u>27,278</u>
<b>Current liabilities</b>		
Trade and other payables	67,785	45,178
Contract liabilities	237,356	69,055
Provision for warranties	26,752	34,408
Borrowings	1,100	1,100
Lease liabilities	516	412
Government grant	133	133
	<u>333,642</u>	<u>150,286</u>
<b>TOTAL LIABILITIES</b>	<u>360,082</u>	<u>177,564</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>946,795</u></b>	<b><u>608,603</u></b>

**GREATECH TECHNOLOGY BERHAD**  
**(Company No. 201801008633 (1270647-H))**

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Interim Financial Report For The Fourth Quarter And Financial Year Ended 31 December 2022



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 <sup>(1)</sup>**

	<b>Unaudited as at 31/12/2022</b>	<b>Audited as at 31/12/2021</b>
Number of ordinary shares in issue ('000)	1,252,837	1,252,131
Net assets per share attributable to owners of the parent (RM)	0.4683	0.3442

(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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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022 <sup>(1)</sup>**

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	169,110	75,384	546,214	402,217
Cost of sales	<u>(118,451)</u>	<u>(38,208)</u>	<u>(382,792)</u>	<u>(232,280)</u>
<b>Gross profit</b>	50,659	37,176	163,422	169,937
Other income	(2,484)	3,081	17,504	18,524
Net (losses)/gains on impairment of financial assets	(3,719)	3,575	(3,209)	167
Administrative and marketing expenses	(12,305)	(13,443)	(49,254)	(42,718)
Finance cost	<u>(176)</u>	<u>(130)</u>	<u>(564)</u>	<u>(668)</u>
<b>Profit before tax</b>	31,975	30,259	127,899	145,242
Taxation	<u>4,849</u>	<u>(2,544)</u>	<u>3,989</u>	<u>(3,491)</u>
<b>Profit for the financial period/year</b>	36,824	27,715	131,888	141,751
<b>Other comprehensive income/(expense)</b>				
<b>Item that may be reclassified subsequently to profit or loss</b>				
Foreign currency translations	<u>626</u>	<u>(2)</u>	<u>(384)</u>	<u>(72)</u>
<b>Item that will not be reclassified subsequently to profit or loss</b>				
Revaluation surplus on property, plant and equipment and right-of-use assets	<u>17,233</u>	<u>-</u>	<u>17,233</u>	<u>-</u>
<b>Total comprehensive income for the financial period/year attributable to owners of the parent</b>	<u><u>54,683</u></u>	<u><u>27,713</u></u>	<u><u>148,737</u></u>	<u><u>141,679</u></u>
<b>Earnings per ordinary share attributable to owners of the parent (seen)</b>				
- Basic <sup>(2)</sup>	<u><u>2.94</u></u>	<u><u>2.21</u></u>	<u><u>10.53</u></u>	<u><u>11.32</u></u>
- Diluted <sup>(2)</sup>	<u><u>2.94</u></u>	<u><u>2.21</u></u>	<u><u>10.53</u></u>	<u><u>11.32</u></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 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/year under review.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022 <sup>(1)</sup>**

	----- Non-distributable -----				Distributable			
	Share capital RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000	Revaluation reserve RM'000	Share grant reserve RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity 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 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	-	(384)	-	-	-	-	-	(384)
Other comprehensive (expense) /income, net of tax	-	(384)	-	17,233	-	-	-	16,849
Total comprehensive (expense) /income	-	(384)	-	17,233	-	-	131,888	148,737
Realisation of revaluation surplus	-	-	-	(255)	-	-	255	-
<b>Transactions with owners:</b>								
Issuance of ordinary shares pursuant to ESGP <sup>(2)</sup>	3,463	-	-	-	3,450	-	-	6,913
Issuance of ordinary shares pursuant to ESOP <sup>(3)</sup>	38	-	-	-	-	(343)	329	24
Total transactions with owners	3,501	-	-	-	3,450	(343)	329	6,937
Balance as at 31 December 2022	116,585	(453)	(39,500)	25,348	3,450	1,138	480,145	586,713
Balance as at 1 January 2021	111,951	3	(39,500)	8,604	-	-	205,688	286,746
Profit for the financial year	-	-	-	-	-	-	141,751	141,751
Foreign currency translations	-	(72)	-	-	-	-	-	(72)
Other comprehensive (expense) /income, net of tax	-	(72)	-	-	-	-	-	(72)
Total comprehensive (expense) /income	-	(72)	-	-	-	-	141,751	141,679
Realisation of revaluation surplus	-	-	-	(234)	-	-	234	-
<b>Transactions with owners:</b>								
Share-based payment transaction	-	-	-	-	-	1,898	-	1,898
Issuance of ordinary shares pursuant to ESOP <sup>(3)</sup>	1,133	-	-	-	-	(417)	-	716
Total transactions with owners	1,133	-	-	-	-	1,481	-	2,614
Balance as at 31 December 2021	113,084	(69)	(39,500)	8,370	-	1,481	347,673	431,039

(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 FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022 <sup>(1)</sup>**

	12 months ended	
	31/12/2022	31/12/2021
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	127,899	145,242
Adjustments for:		
Amortisation of government grant	(133)	(133)
Depreciation of:		
- property, plant and equipment	8,541	4,873
- right-of-use assets	1,780	2,214
Fair value adjustment on derivative assets	7	(3)
Gain on lease modification	-	(44)
Interest expense	564	668
Interest income	(1,244)	(668)
Inventories written back	-	(4)
Inventories written down	27	17
Lease concessions	-	(23)
Loss on disposal of property, plant and equipment	18	25
Net losses/(gains) on impairment of:		
- contract assets	2,502	(296)
- trade receivables	707	129
Property, plant and equipment written off	481	255
Provision for warranties	9,350	12,559
Reversal of unused provision for warranties	(17,006)	(20,598)
Share-based payment transaction	-	1,898
Share grant expenses	6,913	-
Unrealised loss on foreign exchange	1,050	2,508
	<hr/>	<hr/>
Operating profit before changes in working capital	141,456	148,619
Increase in inventories	(9,658)	(664)
Increase in trade and other receivables	(20,190)	(52,615)
(Increase)/Decrease in contract assets	(194,589)	19,365
Increase in trade and other payables	23,607	4,933
Increase in contract liabilities	168,301	10,706
	<hr/>	<hr/>
Cash generated from operations	108,927	130,344
Interest paid	(499)	(584)
Interest received	1,244	668
Tax paid	(468)	(722)
	<hr/>	<hr/>
Net cash from operating activities	109,204	129,706

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022 <sup>(1)</sup>**

	<b>12 months ended</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	31	373
Purchases of:		
- property, plant and equipment	(82,997)	(48,381)
- right-of-use assets	(17,835)	(41,099)
Net changes in deposits with licensed bank (more than three months)	-	(5,066)
	<u>(100,801)</u>	<u>(94,173)</u>
Net cash used in investing activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
- issuance of ordinary shares	24	716
- term loans	-	16,500
Repayments of:		
- lease liabilities	(519)	(1,292)
- term loans	(1,100)	(19,001)
	<u>(1,595)</u>	<u>(3,077)</u>
Net cash used in financing activities		
Net changes in cash and cash equivalents	6,808	32,456
<b>Effects of exchange rate changes on cash and cash equivalents</b>	(577)	(2,624)
<b>Cash and cash equivalents at beginning of financial year</b>	<u>320,428</u>	<u>284,023</u>
<b>Cash and cash equivalents at end of financial year</b>	<u><u>326,659</u></u>	<u><u>313,855</u></u>
<b>Cash and cash equivalents comprise the following at end of financial year:</b>		
Cash and bank balances	198,355	99,775
Deposits with licensed bank (more than three months)	-	6,573
Short term funds	128,304	214,080
	<u>326,659</u>	<u>320,428</u>
Less: Deposits with licensed bank (more than three months)	-	(6,573)
	<u><u>326,659</u></u>	<u><u>313,855</u></u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED 31 DECEMBER 2022 <sup>(1)</sup>**

***RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES***

	<b>Lease liabilities</b>	<b>Term loans</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2022	3,654	16,117
Cash flows	(519)	(1,100)
Non-cash flows		
- addition of lease liabilities	157	-
- effects of lease modification	(1)	-
- translation difference	206	-
- unwinding of interest	65	-
Balance as at 31 December 2022	<u>3,562</u>	<u>15,017</u>

	<b>Lease liabilities</b>	<b>Term loans</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance as at 1 January 2021	1,755	18,618
Cash flows	(1,292)	(2,501)
Non-cash flows		
- addition of lease liabilities	3,924	-
- effects of lease modification	(817)	-
- lease concessions	(23)	-
- translation difference	23	-
- unwinding of interest	84	-
Balance as at 31 December 2021	<u>3,654</u>	<u>16,117</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**

<b>Title</b>	<b>Effective date</b>
<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:

<b>Title</b>	<b>Effective date</b>
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</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 Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2023
<i>Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

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**A2. Significant Accounting Policies (Continued)**

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. (Continued)

**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: (Continued)

<b>Title</b>	<b>Effective date</b>
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 2024
Amendment to MFRS 101 <i>Presentation of Financial Statements - Non-Current Liabilities with Covenants</i>	1 January 2024
Amendment to MFRS 16 <i>Leases - Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

**A3. Audit Report**

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2021.

**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.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**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.

The Company had issued 344,400 and 357,700 new ordinary shares at an exercise price of RM5.07 and RM4.80 pursuant to the Employees' Share Grant Plan ("ESGP") and 4,450 new ordinary shares at an exercise price of RM5.475 pursuant to the Employees' Share Option Plan ("ESOP") for the financial year under review.

**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 Group has carried out a valuation exercise on its leasehold buildings and leasehold land classified under Property, Plant and Equipment ("PPE") and Right-Of-Use ("ROU") assets respectively, during the financial quarter and year ended 31 December 2022. The valuation exercise was carried out to ascertain the current market value of the PPE and ROU assets for accounting purposes. The valuations are performed by an independent professional valuer using the open market value basis.

Gain on revaluation of PPE and ROU assets

	Carrying amount RM'000	Market value RM'000	Gain RM'000
<b>Property, plant and equipment</b>			
Leasehold buildings	109,857	122,750	12,893
<b>Right-of-use assets</b>			
Leasehold land	84,712	94,485	9,773
Total	194,569	217,235	22,666

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**A10. Valuations of Property, Plant and Equipment and Right-Of-Use Assets (Continued)**

Effect on net assets per share

The net revaluation surplus after deferred tax amounting to RM17.23 million would result in the Group's consolidated net assets per share to increase by approximately 1.38 sen. The Company has recorded net assets per share of 46.83 sen based on the unaudited financial results of the Group for the fourth quarter ended 31 December 2022.

	Unaudited before revaluation	Effect of revaluation, net of deferred tax	After revaluation
Equity attributable to owners of the parent (RM'000)	569,480	17,233	586,713
Number of ordinary shares in issue ('000)	1,252,837	1,252,837	1,252,837
Net assets per share (RM)	0.4546	0.0138	0.4683

**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.

**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.

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

<b>Property, Plant and Equipment</b>	<b>RM'000</b>
- Approved and contracted for	<u>4,279</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 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.

**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	
	31-12-22 RM'000	31-12-21 RM'000			31-12-22 RM'000	31-12-21 RM'000		
			RM'000	%	RM'000	RM'000	RM'000	%
Revenue	169,110	75,384	93,726	124.33%	546,214	402,217	143,997	35.80%
Cost Of Goods Sold	(118,451)	(38,208)			(382,792)	(232,280)		
Gross Profit ("GP")	50,659	37,176	13,483	36.27%	163,422	169,937	(6,515)	(3.83%)
Other Operating Expenses	(18,684)	(6,917)			(35,523)	(24,695)		
Profit Before Tax ("PBT")	31,975	30,259	1,716	5.67%	127,899	145,242	(17,343)	(11.94%)
GP %	29.96%	49.32%			29.92%	42.25%		
PBT %	18.91%	40.14%			23.42%	36.11%		

**Comparison with prior year corresponding quarter results**

The Group's revenue of RM169.11 million for the current financial quarter were 124.33% or RM93.73 million higher than that of prior year corresponding quarter. The increase was mainly attributable to the execution of project related to the Production Line Systems ("PLS") of solar industry.

The Group has recorded a higher gross profit ("GP") of RM50.66 million despite of lower gross profit margin ("GP margin") of 29.96% as compared to RM37.18 million and 49.32% respectively in the prior year corresponding quarter. The declined in current quarter's GP margin was primarily impacted by increase in project expenditure attributable to higher material and component cost led by global supply bottlenecks. For informational purpose, the normalised GP margin without the net warranty impact was 24.23% and 39.73% respectively for current quarter and prior year corresponding quarter.

The Group's profit before tax ("PBT") for the current financial quarter was RM31.98 million or 18.91%, an increase of RM1.72 million or 5.67% as compared to the prior year corresponding quarter. The increase in PBT was primarily contributed by higher GP of RM13.48 million, partially offset by higher net foreign exchange loss of RM4.66 million due to strengthening of MYR against USD, net loss on impairment of contract assets and trade receivables of RM7.30 million. 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 13.18% and 30.55% 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 RM144.00 million or 35.80% from RM402.22 million in 2021 to RM546.21 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. Several orders were secured in the 4th quarter of 2021 and throughout the year 2022.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**B1. Review of Group's Performance (Continued)**

**Comparison with prior year cumulative quarter results (Continued)**

Despite the increase in revenue, the Group's GP has decreased by RM6.52 million or 3.83% in the cumulative financial quarter. The GP margin has also reduced from 42.25% to 29.92%. 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, offset by lower freight cost and transportation charges for the shipment of machine abroad. The normalised GP margin without the net warranty impact was 28.52% and 40.25% respectively.

The Group's PBT has reduced by RM17.34 million or 11.94% from RM145.24 million in 2021 to RM127.90 million in 2022. The decreased in PBT was primarily contributed by the decline of GP, higher administrative and marketing expenses attributable to (i) the increased in employees' Long Term Incentive Plan expense of RM5.01 million, (ii) higher net loss on impairment of contract assets and trade receivables of RM3.38 million and (iii) increase in other expansion related expenses of RM2.65 million. The normalised PBT margin without the net warranty impact was 22.01% and 34.11% respectively.

**B2. Comparison with Immediate Preceding Quarter's Results**

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes	
	31-12-22 RM'000	30-09-22 RM'000	RM'000	%
<b>Revenue</b>	<b>169,110</b>	<b>156,851</b>	<b>12,259</b>	<b>7.82%</b>
Cost Of Goods Sold	(118,451)	(107,264)		
<b>Gross Profit ("GP")</b>	<b>50,659</b>	<b>49,587</b>	<b>1,072</b>	<b>2.16%</b>
Other Operating Expenses	(18,684)	(8,358)		
<b>Profit Before Tax ("PBT")</b>	<b>31,975</b>	<b>41,229</b>	<b>(9,254)</b>	<b>(22.45%)</b>
GP %	29.96%	31.61%		
PBT %	18.91%	26.29%		

The Group's revenue for the current financial quarter ended 31 December 2022 has increased by RM12.26 million or 7.82% as compared to the preceding financial quarter ended 30 September 2022. This was mainly attributable to the execution of projects driven by solar industry and semiconductor industry.

The Group's GP increased by RM1.07 million or 2.16% as compared to preceding financial quarter. The GP margin has decreased from 31.61% to 29.96%. It was mainly impacted by increase in project expenditure attributable to higher material and component cost, offset by lesser subcontract charges. The normalised GP margin without the net warranty impact was 24.23% and 31.38% respectively for current financial quarter and immediate preceding quarter.

The PBT of the Group for the current financial quarter has decreased by RM9.25 million as compared to preceding financial quarter. The PBT margin has also decrease from 26.29% to 18.91%. The decrease of PBT was mainly contributed by (i) increase in net foreign exchange loss of RM9.41 million due to strengthening of MYR against USD, (ii) higher net loss on impairment of contract assets and trade receivables of RM3.64 million, offset by lesser staff compensation and benefits expenses compared to the prior quarter. The normalised PBT margin without the net warranty impact was 13.18% and 26.05% respectively for current financial quarter and immediate preceding quarter.

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## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

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### **B3. Commentary on Prospects**

The Group has made a positive start to the new financial year, supported by the strength of the order book at the end of 2022.

While global growth rates are forecasted to remain low, the operational environment presents both challenges and opportunities. The Group remains confident in its proven resilience in a weakening macro-economic climate, underpinned by the strong order book which provides good coverage of 2023 revenue. The escalating inflation and supply chain constraint remained a challenge. In response, pricing management and cost control remains in focus to deliver improved margin in the order book.

Looking ahead, rising interest rates, inflationary pressure and the geopolitical challenges continue to weigh on economy activity. The growth related to sustainability solutions for energy efficiency and decarbonization is expected to remain positive in 2023, supported by favorable government policy, and increased spending on low carbon initiatives. The Group will focus on execution of our strategy to drive near-term growth and increasing investment for another year, including further strengthening our sustainability leadership to deliver long term value. The Group anticipates approximately RM227.00 million in capital expenditure in 2023 including adding a fourth factory at Batu Kawan Industrial Park, Penang to capture the growth potential in our markets around the world.

As of 17 February 2023, the Group's order book stood at approximately RM760.00 million, which is expected to last until first half of 2024.

### **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**

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 ("SPA") for a further period of two (2) months commencing from 10 October 2022 and expiring on 9 December 2022. Subsequently, on 8 December 2022, the Company and the Vendors have mutually agreed to further extend the MOU and the period to finalise and execute the SPA for a further period of three (3) months commencing from 10 December 2022 and expiring on 9 March 2023. 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 SPA 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.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**B6. Taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current income/(expense)	8	315	(400)	(165)
- Deferred tax	4,841	(2,625)	4,841	(2,625)
Withholding tax expense	-	(234)	(452)	(701)
	<u>4,849</u>	<u>(2,544)</u>	<u>3,989</u>	<u>(3,491)</u>
Effective tax rate	-	8.41%	-	2.40%

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. (“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/year 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.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**B7. Use of Proceeds from the Initial Public Offering (“IPO”)**

The gross proceeds of RM73.05 million raised from the Public Issue and status of utilisation as at 31 December 2022 is disclosed in the following manner:

<b>Purposes</b>	<b>Estimated time frame for utilisation upon Listing</b>	<b>Proposed utilisation RM'000</b>	<b>Actual utilisation RM'000</b>	<b>Percentage utilised %</b>
Business expansion and development, and marketing activities	Within 48 months	18,000	16,770	93%
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%
<b>Total</b>		<b>73,048</b>	<b>71,818</b>	<b>98%</b>

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:

	<b>Unaudited</b>	
	<b>31/12/2022 RM'000</b>	<b>31/12/2021 RM'000</b>
<b>Secured:</b>		
<b>Current liabilities</b>		
Term loans	1,100	1,100
<b>Non-current liabilities</b>		
Term loans	13,917	15,017
<b>Total liabilities</b>		
Term loans	15,017	16,117

**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.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**B11. Earnings Per Ordinary Share (“EPS”)**

	Individual Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Profit after tax attributable to owners of the parent (RM'000)	36,824	27,715	131,888	141,751
<b>Basic</b>				
Weighted average number of ordinary shares in issue ('000) <sup>(1)</sup>	1,252,753	1,252,102	1,252,291	1,252,031
Basic EPS (sen) <sup>(2)</sup>	2.94	2.21	10.53	11.32
<b>Diluted</b>				
Weighted average number of ordinary shares in issue ('000) <sup>(1)</sup>	1,252,753	1,252,102	1,252,291	1,252,031
Effect of dilution due to employee share option plan ('000) <sup>(3)</sup>	-	83	-	21
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,252,753	1,252,185	1,252,291	1,252,052
Diluted EPS (sen) <sup>(3)</sup>	2.94	2.21	10.53	11.32

(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.

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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/year are the following income/(expense) items:

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Amortisation of government grant	34	34	133	133
Depreciation of:				
- property, plant and equipment	(2,546)	(1,475)	(8,541)	(4,873)
- right-of-use assets	(428)	(551)	(1,780)	(2,214)
Fair value adjustment on derivative assets/(liabilities)	-	51	(7)	3
Gain/(Loss) on disposal of property, plant and equipment	6	-	(18)	(25)
Interest expense	(176)	(130)	(564)	(668)
Interest income	589	154	1,244	668
Inventories written back	-	4	-	4
Inventories written down	(27)	(17)	(27)	(17)
Lease concessions	-	-	-	23
(Losses)/Gains on lease modification	-	41	-	44
Net (losses)/gains on impairment of:				
- contract assets	(2,374)	600	(2,502)	296
- trade receivables	(1,345)	2,975	(707)	(129)
Property, plant and equipment written off	-	-	(481)	(255)
Provision for warranties	(677)	(2,244)	(9,350)	(12,559)
Realised gain on foreign exchange	1,317	3,068	9,704	13,131
Reversal of unused provision for warranties	10,364	9,470	17,006	20,598
Share-based payment transaction	-	-	-	(1,898)
Share grant expenses	(3,450)	-	(6,913)	-
Unrealised loss on foreign exchange	(6,855)	(3,946)	(1,050)	(2,508)

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