



**GREATECH TECHNOLOGY BERHAD**  
(Company No. 201801008633 (1270647-H))  
(Incorporated in Malaysia under the Companies Act 2016)

**INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED  
31 MARCH 2023**

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

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The First Quarter Ended 31 March 2023



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023 <sup>(1)</sup>**

	<b>Unaudited as at 31/3/2023 RM'000</b>	<b>Audited as at 31/12/2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	195,432	193,615
Right-of-use assets	97,433	97,942
	<u>292,865</u>	<u>291,557</u>
<b>Current assets</b>		
Inventories	38,274	21,968
Trade and other receivables	367,516	111,316
Contract assets	31,822	193,607
Current tax assets	1,176	1,744
Short term funds	105,528	108,304
Cash and bank balances	143,022	218,355
	<u>687,338</u>	<u>655,294</u>
<b>TOTAL ASSETS</b>	<b><u>980,203</u></b>	<b><u>946,851</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	116,585	116,585
Reserves	501,731	470,180
<b>TOTAL EQUITY</b>	<u>618,316</u>	<u>586,765</u>
<b>Non-current liabilities</b>		
Borrowings	13,642	13,917
Lease liabilities	2,918	3,046
Deferred tax liabilities	9,217	9,217
Government grant	228	260
	<u>26,005</u>	<u>26,440</u>
<b>Current liabilities</b>		
Trade and other payables	54,997	67,789
Contract liabilities	259,113	237,356
Provision for warranties	20,018	26,752
Borrowings	1,100	1,100
Lease liabilities	521	516
Government grant	133	133
	<u>335,882</u>	<u>333,646</u>
<b>TOTAL LIABILITIES</b>	<u>361,887</u>	<u>360,086</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>980,203</u></b>	<b><u>946,851</u></b>

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

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The First Quarter Ended 31 March 2023



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023 <sup>(1)</sup>**

	<b>Unaudited as at 31/3/2023</b>	<b>Audited as at 31/12/2022</b>
Number of ordinary shares in issue ('000)	1,252,837	1,252,837
Net assets per share attributable to owners of the parent (RM)	0.4935	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.

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2023 <sup>(1)</sup>**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
	RM'000	RM'000	RM'000	RM'000
Revenue	113,684	102,156	113,684	102,156
Cost of sales	(68,737)	(66,946)	(68,737)	(66,946)
<b>Gross profit</b>	44,947	35,210	44,947	35,210
Other income	2,378	6,187	2,378	6,187
Net losses on impairment of financial assets	(2,838)	(820)	(2,838)	(820)
Administrative and marketing expenses	(16,409)	(11,157)	(16,409)	(11,157)
Finance cost	(161)	(126)	(161)	(126)
<b>Profit before tax</b>	27,917	29,294	27,917	29,294
Taxation	(58)	(362)	(58)	(362)
<b>Profit for the financial period</b>	27,859	28,932	27,859	28,932
<b>Other comprehensive income</b>				
<b>Item that may be reclassified subsequently to profit or loss</b>				
Foreign currency translations	29	(53)	29	(53)
<b>Total comprehensive income for the financial period attributable to owners of the parent</b>	27,888	28,879	27,888	28,879
<b>Earnings per ordinary share attributable to owners of the parent (sen)</b>				
- Basic <sup>(2)</sup>	2.22	2.31	2.22	2.31
- Diluted <sup>(2)</sup>	2.21	2.31	2.21	2.31

(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 under review.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2023 <sup>(1)</sup>**

	----- Non-distributable -----					Distributable		Total equity RM'000
	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	
Balance as at 1 January 2023	116,585	(402)	(39,500)	25,348	3,450	1,138	480,146	586,765
Profit for the financial year	-	-	-	-	-	-	27,859	27,859
Foreign currency translations	-	29	-	-	-	-	-	29
Other comprehensive income, net of tax	-	29	-	-	-	-	-	29
Total comprehensive income	-	29	-	-	-	-	27,859	27,888
Realisation of revaluation surplus	-	-	-	(151)	-	-	151	-
<b>Transactions with owners:</b>								
ESGP <sup>(2)</sup> expenses	-	-	-	-	3,663	-	-	3,663
Share options lapsed pursuant to ESOP <sup>(3)</sup>	-	-	-	-	-	(1,138)	1,138	-
Total transactions with owners	-	-	-	-	3,663	(1,138)	1,138	3,663
Balance as at 31 March 2023	116,585	(373)	(39,500)	25,197	7,113	-	509,294	618,316
Balance as at 1 January 2022	113,084	(69)	(39,500)	8,370	-	1,481	347,673	431,039
Profit for the financial year	-	-	-	-	-	-	28,932	28,932
Foreign currency translations	-	(53)	-	-	-	-	-	(53)
Other comprehensive income, net of tax	-	(53)	-	-	-	-	-	(53)
Total comprehensive income	-	(53)	-	-	-	-	28,932	28,879
Realisation of revaluation surplus	-	-	-	(62)	-	-	62	-
<b>Transactions with owners:</b>								
ESGP <sup>(2)</sup> expenses	-	-	-	-	987	-	-	987
Issuance of ordinary shares pursuant to ESOP <sup>(3)</sup>	38	-	-	-	-	(189)	175	24
Total transactions with owners	38	-	-	-	987	(189)	175	1,011
Balance as at 31 March 2022	113,122	(122)	(39,500)	8,308	987	1,292	376,842	460,929

(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 FIRST QUARTER ENDED 31 MARCH 2023 <sup>(1)</sup>**

	<b>3 months ended</b>	
	<b>31/3/2023</b>	<b>31/3/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	27,917	29,294
Adjustments for:		
Amortisation of government grant	(32)	(34)
Depreciation of:		
- property, plant and equipment	2,858	1,737
- right-of-use assets	505	427
Fair value adjustment on derivative assets	-	7
Loss on lease modification	1	-
Interest expense	161	126
Interest income	(1,233)	(201)
Loss on disposal of property, plant and equipment	-	18
Net (gains)/losses on impairment of:		
- contract assets	(1,866)	339
- trade receivables	4,704	480
Property, plant and equipment written off	-	207
Provision for warranties	1,206	2,867
Reversal of unused provision for warranties	(7,940)	(1,020)
Share grant expenses	3,663	987
Unrealised loss on foreign exchange	2,392	995
	<hr/>	<hr/>
Operating profit before changes in working capital	32,336	36,229
(Increase)/Decrease in inventories	(16,306)	395
Increase in trade and other receivables	(263,762)	(17,015)
Decrease/(Increase) in contract assets	163,651	(14,400)
(Decrease)/Increase in trade and other payables	(11,157)	16,578
Increase in contract liabilities	21,757	101,302
	<hr/>	<hr/>
Cash generated from operations	(73,481)	123,089
Interest paid	(145)	(109)
Interest received	1,233	201
Tax paid	(58)	(162)
Tax refunded	568	-
	<hr/>	<hr/>
Net cash (used in)/from operating activities	<hr/> <b>(71,883)</b>	<hr/> <b>123,019</b>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2023 <sup>(1)</sup>**

	<b>3 months ended</b>	
	<b>31/3/2023</b>	<b>31/3/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of property, plant and equipment	-	12
Purchases of:		
- property, plant and equipment	(6,596)	(30,454)
- right-of-use assets	-	(17,835)
	<u>(6,596)</u>	<u>(17,835)</u>
Net cash used in investing activities	<u>(6,596)</u>	<u>(48,277)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from:		
- issuance of ordinary shares	-	24
Repayments of:		
- lease liabilities	(134)	(130)
- term loans	(275)	(275)
	<u>(275)</u>	<u>(275)</u>
Net cash used in financing activities	<u>(409)</u>	<u>(381)</u>
Net changes in cash and cash equivalents	(78,888)	74,361
<b>Effects of exchange rate changes</b>	779	(1,502)
<b>Cash and cash equivalents at beginning of financial period</b>	<u>326,659</u>	<u>320,428</u>
<b>Cash and cash equivalents at end of financial period</b>	<u><u>248,550</u></u>	<u><u>393,287</u></u>
<b>Cash and cash equivalents comprise the following at end of financial period:</b>		
Cash and bank balances	143,022	178,156
Short term funds	105,528	215,131
	<u>248,550</u>	<u>393,287</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2023 <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 2023	3,562	15,017
Cash flows	(134)	(275)
Non-cash flows		
- translation difference	(5)	-
- unwinding of interest	16	-
Balance as at 31 March 2023	<u>3,439</u>	<u>14,742</u>

	<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	(130)	(275)
Non-cash flows		
- addition of lease liabilities	28	-
- translation difference	24	-
- unwinding of interest	17	-
Balance as at 31 March 2022	<u>3,593</u>	<u>15,842</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.

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

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

---

### **Part A - Explanatory Notes Pursuant To MFRS 134, Interim Financial Reporting**

#### **A1. Basis of Preparation**

The interim financial report of Greatech Technology Berhad (“**Company**” or “**Greatech**”) and its subsidiaries (collectively known as “**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRSs**”) 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 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**

<b>Title</b>	<b>Effective date</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to 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

The adoption of the above accounting standards and interpretations have no impact on the financial statements of the Group upon their initial application.

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

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

---

### **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 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: *(Continued)*

<b>Title</b>	<b>Effective date</b>
Amendment to MFRS 16 Leases - <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
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
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 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 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.

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

## **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 period under review.

The Company on 10 March 2021, had offered a total of 594,500 share option at an exercise price of RM5.475 pursuant to the Employees' Share Option Plan ("ESOP"), as to date a total of 135,150 ESOP were exercised and the remaining outstanding options pursuant to the Scheme had lapsed upon the expiry of the ESOP for the financial period 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 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 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 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.

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

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

---

**A14. Capital Commitments**

Save as disclosed below, as at 31 March 2023, the Group does not have any material capital commitments:

<b>Property, Plant and Equipment</b>	<b>RM'000</b>
- Approved and contracted for	<u>204,879</u>

Capital commitments of the Group relate to the construction of new operational facility at Batu Kawan Industrial Park, computer systems, motor vehicle, 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.

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

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

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

**B1. Review of Group's Performance**

	Individual Quarter 3 Months Ended		Changes	
	31/3/2023	31/3/2022	RM'000	%
	RM'000	RM'000		
<b>Revenue</b>	<b>113,684</b>	<b>102,156</b>	<b>11,528</b>	<b>11.28%</b>
Cost Of Goods Sold	(68,737)	(66,946)		
<b>Gross Profit ("GP")</b>	<b>44,947</b>	<b>35,210</b>	<b>9,737</b>	<b>27.65%</b>
Other Operating Expenses	(17,030)	(5,916)		
<b>Profit Before Tax ("PBT")</b>	<b>27,917</b>	<b>29,294</b>	<b>(1,377)</b>	<b>(4.70%)</b>
GP %	39.54%	34.47%		
PBT %	24.56%	28.68%		

Comparison with prior year corresponding quarter results

The Group's revenue of RM113.68 million for the current financial quarter were 11.28% or RM11.53 million higher than that of prior year corresponding quarter. The increase was mainly attributable to the execution of project related to the Electromobility ("E-Mobility") industry.

The Group has recorded a higher gross profit ("GP") of RM44.95 million and gross profit margin ("GP margin") of 39.54% as compared to RM35.21 million and 34.47% respectively in the prior year corresponding quarter. The normalised GP margin without the net warranty impact was 33.61% and 36.27% respectively for current quarter and prior year corresponding quarter. The decrease in current quarter's normalised GP margin was primarily due to (i) higher employees compensation and benefit expenses from increased employees headcounts, (ii) higher packing cost and travelling expenses incurred for the shipment, installation and commissioning of machine abroad and, (iii) higher expansion related expenses such as depreciation and electricity.

The Group's profit before tax ("PBT") for the current financial quarter was RM27.92 million or 24.56%, an decrease of RM1.38 million or 4.70% as compared to the prior year corresponding quarter. The normalised PBT margin without the net warranty impact was 18.63% and 30.48% respectively for current financial quarter and prior year corresponding quarter. The decrease in PBT was mainly contributed by (i) higher net foreign exchange loss of RM5.39 million, (ii) net loss on impairment of contract assets and trade receivables of RM2.02 million, (iii) the increased in employees' compensation and Long Term Incentive Plan expense of RM3.03 million.

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

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

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

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes	
	31/3/2023 RM'000	31/12/2022 RM'000	RM'000	%
<b>Revenue</b>	<b>113,684</b>	<b>169,110</b>	<b>(55,426)</b>	<b>(32.78%)</b>
Cost Of Goods Sold	(68,737)	(118,451)		
<b>Gross Profit ("GP")</b>	<b>44,947</b>	<b>50,659</b>	<b>(5,712)</b>	<b>(11.28%)</b>
Other Operating Expenses	(17,030)	(18,684)		
<b>Profit Before Tax ("PBT")</b>	<b>27,917</b>	<b>31,975</b>	<b>(4,058)</b>	<b>(12.69%)</b>
GP %	39.54%	29.96%		
PBT %	24.56%	18.91%		

The Group's revenue for the current financial quarter ended 31 March 2023 has decreased by RM55.43 million or 32.78% as compared to the preceding financial quarter ended 31 December 2022. This was mainly attributable to the lower revenue contribution from Production Line Systems ("PLS"). The projects have yet to achieve the contracted billing milestone for revenue recognition during this quarter.

The Group's GP decreased by RM5.71 million or 11.28% as compared to preceding financial quarter. Despite the lower GP, the GP margin has increased from 29.96% to 39.54%. The normalised GP margin without the net warranty impact was 33.61% and 24.23% respectively for current financial quarter and immediate preceding quarter. This increase in normalised GP margin was mainly due to lower project expenditure incur compared to immediate preceding quarter, offset by (i) higher employees compensation and benefit expenses from increased employees headcounts, (ii) higher additional packing cost and travelling expenses for the shipment, installation and commissioning of machine abroad and (iii) higher expansion related expenses such as depreciation and electricity.

The PBT of the Group for the current financial quarter has decreased by RM4.06 million as compared to preceding financial quarter. Despite the lower PBT, the PBT margin has increase from 18.91% to 24.56%. The normalised PBT margin without the net warranty impact was 18.63% and 13.18% respectively for current financial quarter and immediate preceding quarter. The increased in normalised PBT margin was mainly contributed by higher GP margin and lower net foreign exchange loss offset by, higher employees' compensation and Long Term Incentive Plan expense.

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

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

---

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

The outlook for the global economy remains uncertain amid financial sector turmoil, high inflation and rising geopolitical tensions. However, the Group saw clear signs of increased activity in the markets in which Greatech operates, driven by ambitious climate targets and decarbonization efforts from the USA and other governments worldwide.

Demand for renewable and clean energy, fleet vehicle decarbonization and sustainability-related solutions is expected to continue to remain positive supported by the recently signed US Inflation Reduction Act and this has provided niche opportunities for the Group.

The Group is mindful of macroeconomic developments but remain confident that the Group is making good progress in our financial targets for 2023.

The Group has allocated approximately RM227.00 million for its targeted capital expenditure investment in 2023 to support operating and growth requirements, which includes a new fourth factory in Batu Kawan Industrial Park ("**BKIV**"), Penang with built-up of approximately 600,000 square feet, to capture the growth potential in our markets around the world.

As of 2 May 2023, the Group's order book stood at approximately RM650 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 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. Following that, on 8 March 2023, 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 March 2023 and expiring on 9 June 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.

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

**B6. Taxation**

	Individual Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current income/(expense)	(58)	(102)	(58)	(102)
Withholding tax expense	-	(260)	-	(260)
	(58)	(362)	(58)	(362)
Effective tax rate	0.21%	1.24%	0.21%	1.24%

The overall effective tax rate for the financial period 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 is exempted from income tax. GIM is in the midst of applying Pioneer Status for diversification of new technology in solar & medical industry.

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.

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

**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 March 2023 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	18,000	100%
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>73,048</b>	<b>100%</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>31/3/2023 RM’000</b>	<b>31/3/2022 RM’000</b>
<b>Secured:</b>		
<b>Current liabilities</b>		
Term loans	1,100	1,100
<b>Non-current liabilities</b>		
Term loans	13,642	14,742
<b>Total liabilities</b>		
Term loans	14,742	15,842

**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.

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

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

	Individual Quarter 3 months ended		Cumulative Quarter 3 months ended	
	31/3/2023	31/3/2022	31/3/2023	31/3/2022
Profit after tax attributable to owners of the parent (RM'000)	27,859	28,932	27,859	28,932
<b>Basic</b>				
Weighted average number of ordinary shares in issue ('000) <sup>(1)</sup>	1,252,837	1,252,135	1,252,837	1,252,135
Basic EPS (sen) <sup>(2)</sup>	2.22	2.31	2.22	2.31
<b>Diluted</b>				
Weighted average number of ordinary shares in issue ('000) <sup>(1)</sup>	1,252,837	1,252,135	1,252,837	1,252,135
Effect of dilution due to employee share option plan ('000) <sup>(3)</sup>	-	440	-	440
Effect of dilution due to employee share grant plan ('000) <sup>(3)</sup>	5,302	-	5,302	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	1,258,139	1,252,575	1,258,139	1,252,575
Diluted EPS (sen) <sup>(3)</sup>	2.21	2.31	2.21	2.31

(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.

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

**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 3 months ended		Cumulative Quarter 3 months ended	
	31/3/2023 RM'000	31/3/2022 RM'000	31/3/2023 RM'000	31/3/2022 RM'000
Amortisation of government grant	32	34	32	34
Depreciation of:				
- property, plant and equipment	(2,858)	(1,737)	(2,858)	(1,737)
- right-of-use assets	(505)	(427)	(505)	(427)
Fair value adjustment on derivative assets	-	(7)	-	(7)
Loss on disposal of property, plant and equipment	-	(18)	-	(18)
Interest expense	(161)	(126)	(161)	(126)
Interest income	1,233	201	1,233	201
Loss on lease modification	(1)	-	(1)	-
Net gains/(losses) on impairment of:				
- contract assets	1,866	(339)	1,866	(339)
- trade receivables	(4,704)	(480)	(4,704)	(480)
Property, plant and equipment written off	-	(207)	-	(207)
Provision for warranties	(1,206)	(2,867)	(1,206)	(2,867)
Realised gain on foreign exchange	102	4,094	102	4,094
Reversal of unused provision for warranties	7,940	1,020	7,940	1,020
Share grant expenses	(3,663)	(987)	(3,663)	(987)
Unrealised loss on foreign exchange	(2,392)	(995)	(2,392)	(995)

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