



GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)

(Incorporated in Malaysia)

Interim Report for the

Fourth Quarter Ended

31 March 2021

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The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/03/2021 RM'000	Preceding Year Corresponding Quarter 31/03/2020 RM'000	Current Year To-date 31/03/2021 RM'000	Preceding Year Corresponding Period 31/03/2020 RM'000
Revenue		13,066	8,321	97,078	80,332
Cost of sales		(14,498)	(8,682)	(82,461)	(63,737)
Gross (loss)/Profit		(1,432)	(361)	14,617	16,595
Interest income		10	23	46	113
Other operating income		2,030	3,782	5,952	6,760
Distribution expenses		(676)	(1,074)	(6,352)	(3,365)
Administrative expenses		(4,073)	(2,095)	(8,900)	(7,003)
Other operating expenses		(302)	(6,495)	(6,142)	(9,644)
Depreciation and amortisation		(740)	(706)	(2,694)	(2,462)
(Loss)/Profit from operations		(5,183)	(6,926)	(3,473)	994
Finance costs		(257)	(243)	(918)	(981)
Net gain/(loss) on financial assets and financial liabilities at fair value		(1,121)	(1,569)	(434)	(1,335)
Loss before taxation		(6,561)	(8,738)	(4,825)	(1,322)
Taxation	18	551	534	439	422
Loss for the financial period		(6,010)	(8,204)	(4,386)	(900)
Other comprehensive income/(expense) Foreign currency translation differences of foreign operations		(145)	(395)	298	(407)
Total comprehensive expense for the financial period		(6,155)	(8,599)	(4,088)	(1,307)
Profit/(Loss) attributable to:					
Equity holders of the parent		(5,685)	(7,823)	(4,246)	(166)
Non-controlling interest		(325)	(381)	(140)	(734)
Loss for the financial period		(6,010)	(8,204)	(4,386)	(900)
Total comprehensive income/(expense) attributable to:					
Equity holders of the parent		(5,930)	(8,082)	(4,047)	(437)
Non-controlling interest		(225)	(517)	(41)	(870)
Total comprehensive expense for the financial period		(6,155)	(8,599)	(4,088)	(1,307)
Earning/(Loss) per share (sen) :-	25				
(a) Basic		(13.03)	(18.50)	(9.73)	(0.39)
(b) Fully diluted		(12.52)	(18.37)	(9.35)	(0.39)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	(Unaudited) As at end of financial year ended 31/03/2021 RM'000	(Audited) As at preceding financial year ended 31/03/2020 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		35,724	34,115
Right-of-use assests		300	255
Intangible assets		5,060	5,060
Deferred tax assets		3,736	2,490
		44,820	41,920
Current assets			
Inventories		11,652	11,589
Trade receivables		19,201	39,926
Other receivables		5,330	4,005
Current tax asset		-	175
Other investment		11,572	5,389
Cash and cash equivalents		31,829	15,688
		79,584	76,772
TOTAL ASSETS		124,404	118,692
EQUITY AND LIABILITIES			
Share capital		68,760	63,171
Reserves		8,997	11,943
Equity attributable to equity holders of the parent		77,757	75,114
Non-controlling interest		6,500	6,541
Total equity		84,257	81,655
Non-current liabilities			
Borrowings	20	6,660	7,881
Hire purchase liabilities	20	1,405	1,062
Lease liabilities		165	128
Deferred tax liability		1,319	1,128
		9,549	10,199
Current liabilities			
Borrowings	20	9,574	5,871
Hire purchase liabilities	20	669	533
Lease liabilities		149	135
Current tax liabilities		261	-
Derivative financial liabilities	21	434	1,335
Trade payables		13,184	10,235
Other payables		6,327	8,729
		30,598	26,838
TOTAL EQUITY AND LIABILITIES		124,404	118,692
Net assets per share (RM)*		1.70	1.77

Note:

* Net assets per share attributable to shareholders of the Company : Equity attributable to equity holders of the parent /Number of issued shares

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non		Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Share Capital RM'000	Share Option Reserve RM'000					
12 months ended 31 March 2020							
Balance at 1 April 2019	63,016	1,050	(1,176)	12,564	75,454	7,904	83,358
Foreign currency translation	-	-	(271)	-	(271)	(136)	(407)
Share options exercised	155	(58)	-	-	97	-	97
Share options forfeited	-	(2)	-	2	-	-	-
Dividend by a subsidiary to non-controlling interest	-	-	-	-	-	(493)	(493)
Loss for the financial year	-	-	-	(166)	(166)	(734)	(900)
Balance at 31 March 2020	63,171	990	(1,447)	12,400	75,114	6,541	81,655
12 months ended 31 March 2021							
Balance at 1 April 2020	63,171	990	(1,447)	12,400	75,114	6,541	81,655
Foreign currency translation	-	-	199	-	199	99	298
Share options exercised	5,589	(1,675)	-	-	3,914	-	3,914
Share options forfeited	-	(20)	-	20	-	-	-
Share -based payment transactions	-	2,776	-	-	2,776	-	2,776
Loss for the financial year	-	-	-	(4,246)	(4,246)	(140)	(4,386)
Balance at 31 March 2021	68,760	2,071	(1,248)	8,174	77,757	6,500	84,257

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2021
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 12 months ended 31/03/2021 RM'000	(Audited) 12 months ended 31/03/2020 RM'000
Operating Activities		
Loss before tax	(4,825)	(1,322)
Depreciation of property, plant and equipment	2,486	2,334
Depreciation of right-of-use assets	208	127
Gain on disposal of property, plant and equipment	(38)	(15)
Interest costs	918	981
Interest income	(46)	(113)
Impairment loss on goodwill	-	5,500
(Reversal)/Impairment loss on trade receivables	(129)	364
Impairment loss on other receivables	-	214
Change in fair value of other investment	(183)	(347)
Equity settled share-based payment transactions	2,776	-
Unrealised derivative loss	434	1,335
Unrealised foreign exchange gain	(156)	(1,468)
Write down of inventories	56	71
Operating profit before changes in working capital	1,501	7,661
Changes in working capital		
Inventories	(118)	(4,348)
Prepayments	(128)	35
Trade and other receivables	18,470	4,521
Trade and other payables	556	1,090
Net cash generated from operating activities	20,281	8,959
Income tax paid	(180)	(211)
Tax refund	-	951
Net cash generated from operating activities	20,101	9,699
Investing Activities		
Interest received	46	113
Proceeds from disposal of property, plant and equipment	80	221
Purchase of property, plant and equipment	(4,137)	(491)
Placement of other investment	(6,000)	(3,500)
Net cash (used in)/generated from investing activities	(10,011)	(3,657)
Financing Activities		
Dividends paid to non-controlling interest	-	(493)
Proceeds from issuance of shares	3,914	97
Net (repayment)/drawdown of bank borrowings	3,617	(998)
Net repayment of term loan	(1,135)	(1,035)
Net (repayment)/drawdown of hire purchase liabilities	478	(404)
Payment of lease liabilities	(203)	(119)
Interest paid	(918)	(981)
Net cash (used in)/generated from financing activities	5,753	(3,933)
Net change in cash and cash equivalents	15,843	2,109
Effect of exchange rate changes	298	(407)
Cash and cash equivalents at beginning of year	15,688	13,986
Cash and cash equivalents at end of period/year	<u>31,829</u>	<u>15,688</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>31,829</u>	<u>15,688</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

The figures have not been audited

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Malaysia Financial Reporting Standard ("MFRS"), MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of Genetec Technology Berhad ("Genetec" or the "Company") for the financial year ended 31 March 2020. These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2020.

The significant accounting policies and methods of computation adopted by Genetec and its subsidiary companies ("Genetec Group" or the "Group") in this interim financial report are consistent with those adopted in the financial statements for the financial year ended 31 March 2020.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

Annual Improvements to MFRS Standards 2018 - 2020:

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
- Amendments to MFRS 9, *Financial Instruments*

- Amendments to Illustrative Examples accompanying MFRS 16, *Leases*
- Amendments to MFRS 141, *Agriculture*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the above-mentioned accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no audit qualification on the annual financial statements of the Company and its subsidiaries for the financial year ended 31 March 2020.

3. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

The business of the Group is not affected by any significant seasonal or cyclical factors for the current quarter under review.

4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

During the current quarter under review, there was no item or event, which affected assets, liabilities, equity, net income or cash flows that are unusual by reasons of their nature, size or incidence.

5. MATERIAL CHANGE IN ESTIMATES

There was no material change in the nature and amount of estimates reported that may have a material effect on the results for the current quarter under review.

6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

Saved as disclosed below, there were no issues, cancellation, repurchase, resale or repayments of debt and equity securities for the period ended 31 March 2021.

1,675,100 new ordinary shares were issued at exercise price of RM1.37 each pursuant to Employees' Share Option Scheme.

7. DIVIDEND PAID

No dividend was paid during the current quarter under review.

8. SEGMENT INFORMATION

Business segment information is not presented as the Group is primarily engaged in one business segment which is designing and building of customised factory automation equipment and integrated vision inspection systems from conceptual design, development of prototype to mass replication of equipment.

9. PROPERTY, PLANT AND EQUIPMENT

There was no revaluation on any of the Group's property, plant and equipment during the current quarter under review.

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

There is no material event affecting the Group subsequent to the current quarter under review.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group for the current quarter under review.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There was no contingent liabilities or contingent assets as at 31 March 2021 and up to the date of this report.

13. CAPITAL COMMITMENTS

There was no capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 March 2021.

14. REVIEW OF PERFORMANCE

For the current quarter ended 31 March 2021, the Group recorded a revenue of RM13.1 million, an increase of RM4.8 million or 57.8% as compared to the revenue of RM8.3 million recorded in the preceding corresponding quarter ended 31 March 2020.

The Group recorded a net loss before tax of RM6.6 million for the current quarter under review as compared to a net loss before tax of RM8.7 million in the preceding corresponding quarter ended 31 March 2020. The decrease in net loss before tax was mainly attributed to a higher sales volume and absence of impairment loss on goodwill, despite an additional one-off expense of RM2.8 million incurred in the current quarter in respect of share-based payment arising from the granting of share options to eligible Directors and employees.

The Group recorded a revenue of RM97.1 million for the financial year ended 31 March 2021, an increase of RM16.8 million or 20.9% as compared to RM80.3 million recorded for the financial year ended 31 March 2020. Despite having achieved higher sales volume and absence of impairment loss on goodwill, the current year under review recorded a net loss before tax of RM4.8 million, an increase of RM3.5 million or 269.2% as compared to a net loss before tax of RM1.3 million in the preceding corresponding year. The net loss before tax widened from RM1.3 million to RM4.8 million for the current financial year mainly due to a lower margin in product mix, higher operating costs incurred, loss on the foreign exchange and an additional one-off expense of RM2.8 million in respect of share-based payment arising from the granting of share options to eligible Directors and employees.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group decreased by 60.2% to RM13.1 million for the current quarter under review as compared to RM32.9 million recorded in the immediate preceding quarter ended 31 December 2020. The Group recorded a net loss before tax of RM6.6 million as compared to a net profit before tax of RM0.8 million for the immediate preceding quarter mainly due to lower sales volume achieved and an additional one-off expense of RM2.8 million in respect of share-based payment arising from the granting of share options to eligible Directors and employees.

16. PROSPECT

The business environment remains challenging as it is adversely impacted by COVID-19 and various phases of Movement Control order (MCO) imposed by Malaysian Government. Nevertheless, we have proved to be robust as well as resilient to setbacks during 2020 and we remain positive that we will continue to manage any new challenges in the coming year. Businesses of the Group remain solid and has improved progressively, backed by the current secured orders in hand as well as the ramping up of demand in the Electric Vehicle (EV) segment from our major customers. At the same time, the Group is also cognizant of the fact that there are uncertainties in the global market condition and therefore, will exercise prudence in cost expansion whilst increasing our production capacity to meet our customers' demand. The Board is cautiously optimistic that its performance for financial year ending 2022 will be satisfactory.

The Group believes that with its favourable positioning in the EV market segment and its involvement in developing its systems and technologies together with its customers, it will be able to expand market share globally and further establish long-term growth in this segment.

17. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as Genetec has not issued any profit forecast or profit guarantee in a public document.

18. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Period Quarter 31.03.2021 RM'000	Preceding Year Corresponding Quarter 31.03.2020 RM'000	Current Period To- Date 31.03.2021 RM'000	Preceding Year Corresponding Period 31.03.2020 RM'000
Malaysia income tax:				
- current taxation	551	534	439	422

The effective tax rate of the Group for the financial period ended 31 March 2021 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

19. STATUS OF CORPORATE PROPOSAL

On behalf of the Company's Board of Directors, KAF Investment Bank Berhad had on 22 February 2021 announced that the Company proposed to undertake a private placement exercise involving the issuance of up to 5,055,820 new ordinary shares ("Proposed Private Placement"). The application pursuant to the Proposed Private Placement had been submitted to Bursa Malaysia Securities Berhad ("Bursa") on 2 March 2021. Bursa had vide its letter dated 9 March 2021 approved the listing and quotation of up to 5,055,820 new ordinary shares in the Company to be issued pursuant to the Proposed Private Placement subject to certain conditions as per announcement made.

On 20 May 2021, KAF Investment Bank Berhad further announced that the Company has fixed the issue price for the Private Placement comprising 2,280,000 Placement Shares at RM3.42 per Placement Share. The said issue price of RM3.42 per Placement Share represents a

discount of approximately 9.84% from the five (5)-day volume weighted average market price of Genetec Shares up to and including 19 May 2021 of approximately RM3.7931 per Genetec Share. There were no shares being issued pursuant to the Proposed Private Placement up to the date of the announcement of this quarterly report.

20. BORROWINGS

Details of the Group's borrowings as at 31 March 2021 are as follows:

Current	RM'000
Unsecured: Hire purchase	669
Secured: Term loan	1,187
Trade bills	8,387
	<u>10,243</u>
Non-current	RM'000
Unsecured: Hire purchase	1,405
Secured: Term loan	6,660
	<u>8,065</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 31 March 2021, the foreign currency forward contracts which have been entered into by the Group to hedge against foreign trade receivable are as follows:-

Forward Foreign Currency Contracts	Contract Value (RM'000)	Fair Value (RM'000)	Difference (RM'000)
US Dollar - Less than 1 year	43,380	43,814	434

All derivative financial instruments held by the Group will be recognized as assets or liabilities in the balance sheet, and will be classified as financial assets or financial liabilities at fair value through profit and loss. When derivative financial instruments are recognised initially, they are measured at fair value. Any gain or loss from changes in fair value of the derivatives financial instruments will be recognised as profit or loss.

There is no change to the Group's financial risk management policies in managing these derivatives, its related accounting policies and the market risk associated with these derivatives since the last financial year.

22. MATERIAL LITIGATIONS

As at the date of this report, neither the Company nor its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiaries and the Board of Directors does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

23. DIVIDEND PAYABLE

The Board of Directors does not recommend the payment of any interim dividend for the period ending 31 March 2021.

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 March 2021 and 31 December 2020 into realised and unrealised profits are as follows:

	As at 31.03.2021 RM'000	As at 31.12.2020 RM'000
Total retained profits of the Group:		
- Realised	(3,526)	3,457
- Unrealised	2,141	1,131
	(1,385)	4,588
Consolidation adjustments	9,559	9,271
Total retained profits as per statement of financial position	8,174	13,859

25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2021 RM' 000	Preceding Year Corresponding Quarter 31.03.2020 RM' 000	Current Year To-date 31.03.2021 RM' 000	Preceding Year Corresponding Period 31.03.2020 RM' 000
Basic earnings per share EPS				
Net loss attributable to equity holders of the parent	(5,685)	(7,823)	(4,246)	(166)
Weighted average number of ordinary shares in issue ('000)	43,632	42,295	43,632	42,295
Basic EPS (sen)	(13.03)	(18.50)	(9.73)	(0.39)
Diluted earnings per share EPS				
Net loss attributable to equity holders of the parent	(5,685)	(7,823)	(4,246)	(166)
Weighted average number of ordinary shares in issue ('000)	45,415	42,597	45,415	42,597
Diluted EPS (sen)	(12.52)	(18.37)	(9.35)	(0.39)