



GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)

(Incorporated in Malaysia)

Interim Report for the

First Quarter Ended

30 June 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 30/06/2021 RM'000	Preceding Year Corresponding Quarter 30/06/2020 RM'000	Current Year To-date 30/06/2021 RM'000	Preceding Year Corresponding Period 30/06/2020 RM'000
Revenue		40,278	12,427	40,278	12,427
Cost of sales		(27,096)	(10,770)	(27,096)	(10,770)
Gross Profit		13,182	1,657	13,182	1,657
Interest income		9	22	9	22
Other operating income		1,402	3,042	1,402	3,042
Distribution expenses		(2,330)	(1,266)	(2,330)	(1,266)
Administrative expenses		(1,759)	(1,656)	(1,759)	(1,656)
Other operating expenses		(696)	(2,323)	(696)	(2,323)
Depreciation and amortisation		(732)	(626)	(732)	(626)
Profit/(Loss) from operations		9,076	(1,150)	9,076	(1,150)
Finance costs		(261)	(205)	(261)	(205)
Net gain/(loss) on financial assets and financial liabilities at fair value		41	(435)	41	(435)
Profit/(Loss) before taxation		8,856	(1,790)	8,856	(1,790)
Taxation	18	(650)	(38)	(650)	(38)
Profit/(Loss) for the financial period		8,206	(1,828)	8,206	(1,828)
Other comprehensive income/(expense)					
Foreign currency translation differences of foreign operations		(9)	46	(9)	46
Total comprehensive income/(expense) for the financial period		8,197	(1,782)	8,197	(1,782)
Profit/(Loss) attributable to:					
Equity holders of the parent		8,182	(2,089)	8,182	(2,089)
Non-controlling interest		24	261	24	261
Profit/(Loss) for the financial period		8,206	(1,828)	8,206	(1,828)
Total comprehensive income/(expense) attributable to:					
Equity holders of the parent		8,173	(2,043)	8,173	(2,043)
Non-controlling interest		24	261	24	261
Total comprehensive income/(expense) for the financial period		8,197	(1,782)	8,197	(1,782)
Earnings/(Loss) per share (sen) :-	25				
(a) Basic		16.28	(4.93)	16.28	(4.93)
(b) Fully diluted		16.01	(4.92)	16.01	(4.92)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 30/06/2021 RM'000	(Audited) As at preceding financial year ended 31/03/2021 RM'000
<u>Note</u>		
ASSETS		
Non-current assets		
Property, plant and equipment	38,731	35,724
Right-of-use assests	259	300
Intangible assets	5,060	5,060
Deferred tax assets	3,736	3,736
	47,786	44,820
Current assets		
Inventories	27,113	11,652
Derivative financial assets	41	-
Trade receivables	49,911	19,201
Other receivables	7,155	5,329
Other investment	15,625	11,572
Cash and cash equivalents	27,679	31,829
	127,524	79,583
TOTAL ASSETS	175,310	124,403
EQUITY AND LIABILITIES		
Share capital	84,592	68,760
Reserves	17,076	8,997
Equity attributable to equity holders of the parent	101,668	77,757
Non-controlling interest	6,524	6,500
Total equity	108,192	84,257
Non-current liabilities		
Borrowings	6,351	6,660
Hire purchase liabilities	2,332	1,405
Lease liabilities	143	164
Deferred tax liability	1,319	1,319
	10,145	9,548
Current liabilities		
Borrowings	23,162	9,574
Hire purchase liabilities	649	669
Lease liabilities	130	149
Current tax liabilities	859	261
Derivative financial liabilities	-	434
Trade payables	19,969	13,184
Other payables	12,204	6,327
	56,973	30,598
TOTAL EQUITY AND LIABILITIES	175,310	124,403
Net assets per share (RM)*	2.02	1.70

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD
Company No.:199701030038 (445537-W)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2021

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					
3 months ended 30 June 2020							
Balance at 1 April 2020	63,171	990	(1,447)	12,400	75,114	6,541	81,655
Foreign currency translation	-	-	46	-	46	-	46
Share options exercised	315	(118)	-	-	197	-	197
Loss for the financial year	-	-	-	(2,089)	(2,089)	261	(1,828)
Balance at 30 June 2020	63,486	872	(1,401)	10,311	73,268	6,802	80,070
3 months ended 30 June 2021							
Balance at 1 April 2021	68,760	2,071	(1,248)	8,174	77,757	6,500	84,257
Foreign currency translation	-	-	(9)	-	(9)	-	(9)
Share options exercised	401	(94)	-	-	307	-	307
Issue of ordinary shares	15,431	-	-	-	15,431	-	15,431
Profit for the financial year	-	-	-	8,182	8,182	24	8,206
Balance at 30 June 2021	84,592	1,977	(1,257)	16,356	101,668	6,524	108,192

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD
Company No.:199701030038 (445537-W)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 2021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 3 months ended 30/06/2021 RM'000	(Audited) 3 months ended 30/06/2020 RM'000
Operating Activities		
Profit/(Loss) before tax	8,856	(1,790)
Depreciation of property, plant and equipment	690	594
Depreciation of right-of-use assets	42	32
Gain on disposal of property, plant and equipment	-	(8)
Interest costs	261	205
Interest income	(9)	(22)
Change in fair value of other investment	(53)	(40)
Unrealised derivative (gain)/loss	(41)	435
Unrealised foreign exchange gain	(344)	(198)
	<hr/>	<hr/>
Operating profit before changes in working capital	9,402	(792)
Changes in working capital		
Inventories	(15,461)	(16,352)
Trade and other receivables	(32,629)	19,598
Trade and other payables	12,665	5,190
	<hr/>	<hr/>
Net cash generated from operating activities	(26,023)	7,644
Income tax paid	(52)	(46)
	<hr/>	<hr/>
Net cash generated from operating activities	(26,075)	7,598
Investing Activities		
Interest received	9	22
Proceeds from disposal of property, plant and equipment	-	20
Purchase of property, plant and equipment	(3,698)	(1,314)
Placement of other investment	(4,000)	(4,000)
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(7,689)	(5,272)
Financing Activities		
Proceeds from issuance of shares	15,738	197
Net (repayment)/drawdown of bank borrowings	13,572	(220)
Net repayment of term loan	(293)	(275)
Net drawdown of hire purchase liabilities	908	135
Payment of lease liabilities	(41)	(31)
Interest paid	(261)	(205)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	29,623	(399)
Net change in cash and cash equivalents	(4,141)	1,927
Effect of exchange rate changes	(9)	46
Cash and cash equivalents at beginning of year	31,829	15,688
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<u>27,679</u>	<u>17,661</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>27,679</u>	<u>17,661</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 2021 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 2021. 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 2021.

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 2021.

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 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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRS, interpretation and amendments effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, *Covid-19 – Related Rent Concessions beyond 30 June 2021*

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 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 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 2023 as it is not applicable to the Group and the Company.

The initial application of the abovementioned 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 2021.

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 30 June 2021.

224,300 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 smart automation systems, customised factory automated equipment and integrated 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 30 June 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 30 June 2021.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 June 2021, the Group recorded a revenue of RM40.3 million, an increase of RM27.9 million or 225.0% as compared to the revenue of RM12.4 million recorded in the corresponding quarter ended 30 June 2020.

The Group recorded a net profit before tax of RM8.9 million for the current quarter under review as compared to a net loss before tax of RM1.8 million in the corresponding quarter ended 30 June 2020. The increase in net profit before tax was mainly attributed to a higher sales volume and improved operational efficiency.

The Group has accomplished a record high financial results with net profit before tax of RM8.9 million for the current quarter.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group increased by 207.6% to RM40.3 million for the current quarter under review as compared to RM13.1 million recorded in the immediate preceding quarter ended 31 March 2021. The Group recorded a net profit before tax of RM8.9 million as compared to a net loss before tax of RM6.6 million for the immediate preceding quarter mainly due to higher sales volume achieved and improved operational efficiency coupled with the absence of 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 Group has achieved a strong order book primarily from the Electric Vehicle (EV) sector which has significantly contributed positively to the performance of the current quarter and will

be expected to continue performing in the subsequent quarters barring unforeseen circumstances.

Despite the current challenging market condition, the Group remains committed to strictly control its project quality and efficiency with our operational and key personnel executed well to fulfil timely delivery commitments to our customers. Meanwhile, also persistently strengthening our innovative research and development capabilities.

The Group will continue to act proactively to further expand our cooperation with key global customers to seize the opportunities created by the current trend of EV and Autonomous Driving. This will further consolidate our leading position in the industry and enhance our market share.

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 30.6.2021 RM'000	Preceding Year Corresponding Quarter 30.06.2020 RM'000	Current Period To- Date 30.06.2021 RM'000	Preceding Year Corresponding Period 30.06.2020 RM'000
Malaysia income tax:				
- current taxation	(650)	(38)	(650)	(38)

The effective tax rate of the Group for the financial period ended 30 June 2021 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

19. STATUS OF CORPORATE PROPOSAL

Private Placement

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.

At the date of this report, the proposed and actual utilisation of RM15,430,626 proceeds raised from the issuance for a total of 4,572,200 new ordinary shares at issue price per placement share of RM3.42 and RM3.33 respectively pursuant to the Private Placement, which was completed on 17 June 2021 are as follows:-

	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Available for Utilisation RM'000	Expected Utilisation Time Frame
Working Capital for the Group	15,331	1,000^	14,331	Within 24 months

Estimated expenses in relation to the Private Placement [^]	100	50		Within 1 month
Total	15,431	1,050	14,331	-

[^] The proposed estimated expenses in relation to the Private Placement was RM100,000. The unutilised balance of RM50,000 has been allocated to working capital.

20. BORROWINGS

Details of the Group's borrowings as at 30 June 2021 are as follows:

Current	RM'000
Unsecured: Hire purchase	649
Secured: Term loan	1,203
Trade bills	21,959
	<u>23,811</u>
Non-current	RM'000
Unsecured: Hire purchase	2,332
Secured: Term loan	6,351
	<u>8,683</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 30 June 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	66,473	66,432	41

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 30 June 2021.

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 30 June 2021 and 31 March 2021 into realised and unrealised profits are as follows:

	As at 30.06.2021 RM'000	As at 31.03.2021 RM'000
Total retained profits of the Group:		
- Realised	4,006	(3,526)
- Unrealised	2,815	2,141
	6,821	(1,385)
Consolidation adjustments	9,535	9,559
	16,356	8,174
Total retained profits as per statement of financial position	16,356	8,174

25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2021 RM' 000	Preceding Year Corresponding Quarter 30.06.2020 RM' 000	Current Year To-date 30.06.2021 RM' 000	Preceding Year Corresponding Period 30.06.2020 RM' 000
Basic earnings per share EPS				
Net Profit/(Loss) attributable to equity holders of the parent	8,182	(2,089)	8,182	(2,089)
Weighted average number of ordinary shares in issue ('000)	50,265	42,362	50,265	42,362
Basic EPS (sen)	16.28	(4.93)	16.28	(4.93)
Diluted earnings per share EPS				
Net Profit/(Loss) attributable to equity holders of the parent	8,182	(2,089)	8,182	(2,089)
Weighted average number of ordinary shares in issue ('000)	51,093	42,442	51,093	42,442
Diluted EPS (sen)	16.01	(4.92)	16.01	(4.92)