



GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)

(Incorporated in Malaysia)

Interim Report for the
Second Quarter Ended
30 September 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 30/09/2021 RM'000	Preceding Year Corresponding Quarter 30/09/2020 RM'000	Current Year To-date 30/09/2021 RM'000	Preceding Year Corresponding Period 30/09/2020 RM'000
Revenue		59,313	38,673	99,591	51,100
Cost of sales		(35,760)	(29,822)	(62,856)	(40,592)
Gross Profit		23,553	8,851	36,735	10,508
Interest income		10	7	19	29
Other operating income		2,328	345	3,730	3,387
Distribution expenses		(2,882)	(2,772)	(5,212)	(4,038)
Administrative expenses		(2,222)	(1,787)	(3,982)	(3,443)
Other operating expenses		(2,178)	(1,795)	(2,874)	(4,118)
Depreciation and amortisation		(796)	(660)	(1,528)	(1,286)
Profit from operations		17,813	2,189	26,888	1,039
Finance costs		(385)	(225)	(646)	(430)
Net gain/(loss) on financial assets and financial liabilities at fair value		160	723	201	288
Profit before taxation		17,588	2,687	26,443	897
Taxation	18	(1,290)	(38)	(1,940)	(76)
Profit for the financial period		16,298	2,649	24,503	821
Other comprehensive income/(expense)					
Foreign currency translation differences of foreign operations		(52)	190	(61)	236
Total comprehensive income for the financial period		16,246	2,839	24,442	1,057
Profit/(Loss) attributable to:					
Equity holders of the parent		16,310	2,638	24,491	549
Non-controlling interest		(12)	11	12	272
Profit for the financial period		16,298	2,649	24,503	821
Total comprehensive income attributable to:					
Equity holders of the parent		16,258	2,828	24,430	785
Non-controlling interest		(12)	11	12	272
Total comprehensive income for the financial period		16,246	2,839	24,442	1,057
Earnings per share (sen) :-	25				
(a) Basic		32.25	6.18	48.42	1.29
(b) Fully diluted		31.25	6.18	46.93	1.29

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

	Note	(Unaudited) As at end of current quarter 30/09/2021 RM'000	(Audited) As at preceding financial year ended 31/03/2021 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		39,606	35,724
Right-of-use assets		377	300
Intangible assets		5,060	5,060
Deferred tax assets		3,736	3,736
		48,779	44,820
Current assets			
Inventories		44,571	11,652
Derivative financial assets	21	201	-
Trade receivables		99,159	19,201
Other receivables		12,024	5,329
Other investment		9,689	11,572
Cash and cash equivalents		10,824	31,829
		176,468	79,583
TOTAL ASSETS		225,247	124,403
EQUITY AND LIABILITIES			
Share capital		86,661	68,760
Reserves		32,846	8,997
Equity attributable to equity holders of the parent		119,507	77,757
Non-controlling interest		6,512	6,500
Total equity		126,019	84,257
Non-current liabilities			
Borrowings	20	6,037	6,660
Hire purchase liabilities	20	2,515	1,405
Lease liabilities		188	164
Deferred tax liability		1,319	1,319
		10,059	9,548
Current liabilities			
Borrowings	20	37,958	9,574
Hire purchase liabilities	20	609	669
Lease liabilities		203	149
Current tax liabilities		1,143	261
Derivative financial liabilities		-	434
Trade payables		27,841	13,184
Other payables		21,415	6,327
		89,169	30,598
TOTAL EQUITY AND LIABILITIES		225,247	124,403
Net assets per share (RM)*		2.32	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.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non Distributable		Distributable		Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Share Capital RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000			
6 months ended 30 September 2020							
Balance at 1 April 2020	63,171	990	(1,447)	12,400	75,114	6,541	81,655
Foreign currency translation	-	-	236	-	236	-	236
Share options exercised	2,589	(970)	-	-	1,619	-	1,619
Share options forfeited	-	(20)	-	20	-	-	-
Profit for the financial year	-	-	-	549	549	272	821
Balance at 30 September 2020	65,760	-	(1,211)	12,969	77,518	6,813	84,331
6 months ended 30 September 2021							
Balance at 1 April 2021	68,760	2,071	(1,248)	8,174	77,757	6,500	84,257
Foreign currency translation	-	-	(61)	-	(61)	-	(61)
Share options exercised	2,470	(581)	-	-	1,889	-	1,889
Issue of ordinary shares	15,431	-	-	-	15,431	-	15,431
Profit for the financial year	-	-	-	24,491	24,491	12	24,503
Balance at 30 September 2021	86,661	1,490	(1,309)	32,665	119,507	6,512	126,019

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 SECOND QUARTER ENDED 30 SEPTEMBER 2021**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) 6 months ended 30/09/2021 RM'000	(Audited) 6 months ended 30/09/2020 RM'000
Operating Activities		
Profit before tax	26,443	897
Adjustments for:		
Depreciation of property, plant and equipment	1,445	1,206
Depreciation of right-of-use assets	83	81
Gain on disposal of property, plant and equipment	-	(13)
Interest costs	646	430
Interest income	(19)	(29)
Change in fair value of other investment	(117)	(90)
Reversal of impairment loss on trade receivables	-	(13)
Unrealised derivative gain	(201)	(288)
Unrealised foreign exchange (gain)/loss	(132)	1,091
	<hr/>	<hr/>
Operating profit before changes in working capital	28,148	3,272
Changes in working capital		
Inventories	(32,919)	(8,561)
Trade and other receivables	(86,958)	(7,805)
Trade and other payables	29,747	3,767
	<hr/>	<hr/>
Net cash generated from operating activities	(61,982)	(9,327)
Income tax paid	(1,058)	(91)
	<hr/>	<hr/>
Net cash generated from operating activities	(63,040)	(9,418)
Investing Activities		
Interest received	19	29
Proceeds from disposal of property, plant and equipment	-	25
Purchase of property, plant and equipment	(5,327)	(1,753)
Uplift/(Placement) of other investment	2,000	(4,000)
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(3,308)	(5,699)
Financing Activities		
Proceeds from issuance of shares	17,320	1,619
Net (repayment)/drawdown of bank borrowings	28,353	9,338
Net repayment of term loan	(591)	(557)
Net drawdown of hire purchase liabilities	1,050	198
Payment of lease liabilities	(82)	(79)
Interest paid	(646)	(430)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	45,404	10,089
Net change in cash and cash equivalents	(20,944)	(5,028)
Effect of exchange rate changes	(61)	236
Cash and cash equivalents at beginning of year	31,829	15,688
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<u>10,824</u>	<u>10,896</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>10,824</u>	<u>10,896</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 September 2021.

1,154,900 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 September 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 September 2021.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 September 2021, the Group recorded a revenue of RM59.3 million, an increase of RM20.6 million or 53.2% as compared to the revenue of RM38.7 million recorded in the corresponding quarter ended 30 September 2020.

The Group recorded a net profit before tax of RM17.6 million for the current quarter under review as compared to a net profit before tax of RM2.7 million recorded in the corresponding quarter ended 30 September 2020. The increase in net profit before tax was mainly attributed to a higher sales volume and improved operational efficiency.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group increased by 47.1% to RM59.3 million for the current quarter under review as compared to RM40.3 million recorded in the immediate preceding quarter ended 30 June 2021. The Group has managed to break the immediate preceding quarter's record high financial results, with the net profit before tax of RM17.6 million for the current quarter under review as compared to a net profit before tax of RM8.9 million recorded in the immediate preceding quarter. This is mainly due to higher sales volume achieved and improved operational efficiency.

16. PROSPECT

The Group continued to achieve robust result primarily from the Electric Vehicle (EV) sector which is largely due to the global electrification trend as well as the Group's continuous effort to strengthen in-depth cooperation with the existing major customers.

Leveraging on our technical competencies and capabilities in software development, the Group remains committed to strategically consolidate our core strength and resources to ensure delivery of quality products as well as meeting of timeline of our customers. Our accumulated expertise in providing innovative solutions will drive further sustainable business growth and enhance customer diversification to the Group.

Given that the current global landscape is focusing on energy savings, reduced emissions and low-carbon footprints, renewable energy vehicles such as EV will continue to become a key player that will flourish within the automotive sector. This can continue to contribute to the positive outlook and long-term steady growth for the Group.

The Group will hence be riding on the momentum of this worldwide radical shift towards automobile electrification and collaborate with existing as well as new global customers in the EV sector to further enhance our shares within this segment of the global market. This will ensure the upward propelling of the Group's revenue in the future and allows us to discover more market opportunities.

With the current secured orders in hand and positive outlook of the EV global market, the Group is expected to continue performing in the subsequent quarters barring unforeseen circumstances.

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 30.9.2021 RM'000	Preceding Year Corresponding Quarter 30.09.2020 RM'000	Current Period To- Date 30.09.2021 RM'000	Preceding Year Corresponding Period 30.09.2020 RM'000
Malaysia income tax:				
- current taxation	(1,290)	(38)	(1,940)	(76)

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

19. STATUS OF CORPORATE PROPOSAL

i) Private Placement

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	7,000 [^]	8,331	Within 24 months
Estimated expenses in relation to the Private Placement [^]	100	50	-	Within 1 month
Total	15,431	7,050	8,331	

[^] 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.

ii) Bonus Issue

On 25 October 2021, the Company had announced that it proposed to undertake a bonus issue of up to 661,564,800 new ordinary shares in Genetec Technology Berhad ("GTB") on the basis of twelve (12) bonus shares for every one (1) existing ordinary share in GTB held on an entitlement date to be determined and announced later.

20. BORROWINGS

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

Current	RM'000
Unsecured: Hire purchase	609
Secured: Term loan	1,219
Trade bills	36,739
	<u>38,567</u>
Non-current	RM'000
Unsecured: Hire purchase	2,515
Secured: Term loan	6,037
	<u>8,552</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 30 September 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	101,108	100,907	201

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 September 2021.

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

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

	As at 30.09.2021 RM'000	As at 30.06.2021 RM'000
Total retained profits of the Group:		
- Realised	20,358	4,006
- Unrealised	2,748	2,815
	<hr/> 23,106	<hr/> 6,821
Consolidation adjustments	9,559	9,535
	<hr/>	<hr/>
Total retained profits as per statement of financial position	32,665	16,356
	<hr/>	<hr/>

25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.2021 RM' 000	Preceding Year Corresponding Quarter 30.09.2020 RM' 000	Current Year To-date 30.09.2021 RM' 000	Preceding Year Corresponding Period 30.09.2020 RM' 000
Basic earnings per share EPS				
Net Profit attributable to equity holders of the parent	16,310	2,638	24,491	549
Weighted average number of ordinary shares in issue ('000)	50,576	42,699	50,576	42,699
Basic EPS (sen)	32.25	6.18	48.42	1.29
Diluted earnings per share EPS				
Net Profit attributable to equity holders of the parent	16,310	2,638	24,491	549
Weighted average number of ordinary shares in issue ('000)	52,188	42,699	52,188	42,699
Diluted EPS (sen)	31.25	6.18	46.93	1.29