



GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)

(Incorporated in Malaysia)

Interim Report for the

Third Quarter Ended

31 December 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 31/12/2021 RM'000	Preceding Year Corresponding Quarter 31/12/2020 RM'000	Current Year To-date 31/12/2021 RM'000	Preceding Year Corresponding Period 31/12/2020 RM'000
Revenue		65,264	32,911	164,855	84,012
Cost of sales		(41,238)	(27,371)	(104,094)	(67,963)
Gross Profit		24,026	5,540	60,761	16,049
Interest income		7	7	26	36
Other operating income		3,076	535	6,806	3,922
Distribution expenses		263	(1,638)	(4,949)	(5,676)
Administrative expenses		(2,008)	(1,384)	(5,990)	(4,827)
Other operating expenses		(3,827)	(1,722)	(6,701)	(5,840)
Depreciation and amortisation		(831)	(668)	(2,359)	(1,954)
Profit from operations		20,706	670	47,594	1,710
Finance costs		(546)	(230)	(1,192)	(661)
Net gain/(loss) on financial assets and financial liabilities at fair value		854	400	1,055	687
Profit before taxation		21,014	840	47,457	1,736
Taxation	18	(1,400)	(38)	(3,340)	(113)
Profit for the financial period		19,614	802	44,117	1,623
Other comprehensive income/(expense)					
Foreign currency translation differences of foreign operations		33	207	(28)	443
Total comprehensive income for the financial period		19,647	1,009	44,089	2,066
Profit/(Loss) attributable to:					
Equity holders of the parent		18,282	889	42,774	1,439
Non-controlling interest		1,332	(87)	1,343	184
Profit for the financial period		19,614	802	44,117	1,623
Total comprehensive income attributable to:					
Equity holders of the parent		18,315	1,096	42,746	1,882
Non-controlling interest		1,332	(87)	1,343	184
Total comprehensive income for the financial period		19,647	1,009	44,089	2,066
Earnings per share (sen) :-	25				
(a) Basic		35.83	2.06	83.84	3.34
(b) Fully diluted		34.53	2.06	80.78	3.34

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 31/12/2021 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	40,559	35,724
Right-of-use assests	336	300
Intangible assets	5,060	5,060
Deferred tax assets	3,736	3,736
	49,691	44,820
Current assets		
Inventories	43,944	11,652
Derivative financial assets	1,055	-
Trade receivables	146,090	19,201
Other receivables	16,136	5,329
Other investment	5,725	11,572
Cash and cash equivalents	10,665	31,829
	223,615	79,583
TOTAL ASSETS	273,306	124,403
EQUITY AND LIABILITIES		
Share capital	88,111	68,760
Reserves	50,821	8,997
Equity attributable to equity holders of the parent	138,932	77,757
Non-controlling interest	7,843	6,500
Total equity	146,775	84,257
Non-current liabilities		
Borrowings	5,720	6,660
Hire purchase liabilities	2,325	1,405
Lease liabilities	145	164
Deferred tax liability	1,319	1,319
	9,509	9,548
Current liabilities		
Borrowings	65,075	9,574
Hire purchase liabilities	564	669
Lease liabilities	206	149
Current tax liabilities	726	261
Derivative financial liabilities	-	434
Trade payables	35,455	13,184
Other payables	14,996	6,327
	117,022	30,598
TOTAL EQUITY AND LIABILITIES	273,306	124,403
Net assets per share (RM)*	2.65	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		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					
9 months ended 31 December 2020							
Balance at 1 April 2020	63,171	990	(1,447)	12,400	75,114	6,541	81,655
Foreign currency translation	-	-	443	-	443	-	443
Share options exercised	2,589	(970)	-	-	1,619	-	1,619
Share options forfeited	-	(20)	-	20	-	-	-
Profit for the financial year	-	-	-	1,439	1,439	184	1,623
Balance at 31 December 2020	65,760	-	(1,004)	13,859	78,615	6,725	85,340
9 months ended 31 December 2021							
Balance at 1 April 2021	68,760	2,071	(1,248)	8,174	77,757	6,500	84,257
Foreign currency translation	-	-	(28)	-	(28)	-	(28)
Share options exercised	3,920	(922)	-	-	2,998	-	2,998
Issue of ordinary shares	15,431	-	-	-	15,431	-	15,431
Profit for the financial year	-	-	-	42,774	42,774	1,343	44,117
Balance at 31 December 2021	88,111	1,149	(1,276)	50,948	138,932	7,843	146,775

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 THIRD QUARTER ENDED 31 DECEMBER 2021**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) 9 months ended 31/12/2021 RM'000	(Audited) 9 months ended 31/12/2020 RM'000
Operating Activities		
Profit before tax	47,457	1,736
Adjustments for:		
Depreciation of property, plant and equipment	2,235	1,841
Depreciation of right-of-use assets	125	113
Gain on disposal of property, plant and equipment	(1)	(13)
Interest costs	1,192	661
Interest income	(26)	(36)
Change in fair value of other investment	(153)	(136)
Reversal of impairment loss on trade receivables	-	(280)
Unrealised derivative gain	(1,055)	(687)
Unrealised foreign exchange loss	655	917
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Operating profit before changes in working capital	50,429	4,116
Changes in working capital		
Inventories	(32,292)	5,633
Trade and other receivables	(138,786)	10,104
Trade and other payables	30,939	(5,947)
	<hr/>	<hr/>
Net cash generated from operating activities	(89,710)	13,906
Income tax paid	(2,876)	(135)
	<hr/>	<hr/>
Net cash generated from operating activities	(92,586)	13,771
Investing Activities		
Interest received	26	36
Proceeds from disposal of property, plant and equipment	1	25
Purchase of property, plant and equipment	(7,070)	(2,706)
Uplift/(Placement) of other investment	6,000	(4,000)
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(1,043)	(6,645)
Financing Activities		
Proceeds from issuance of shares	18,430	1,619
Net drawdown of bank borrowings	55,454	5,845
Net repayment of term loan	(892)	(844)
Net drawdown of hire purchase liabilities	816	667
Payment of lease liabilities	(123)	(111)
Interest paid	(1,192)	(661)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	72,493	6,515
Net change in cash and cash equivalents	(21,136)	13,641
Effect of exchange rate changes	(28)	443
Cash and cash equivalents at beginning of year	31,829	15,688
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<u>10,665</u>	<u>29,772</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>10,665</u>	<u>29,772</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 31 December 2021.

809,900 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 31 December 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 December 2021.

14. REVIEW OF PERFORMANCE

For the current quarter ended 31 December 2021, the Group recorded a revenue of RM65.3 million, an increase of RM32.4 million or 98.5% as compared to the revenue of RM32.9 million recorded in the corresponding quarter ended 31 December 2020.

The Group recorded a net profit before tax of RM21.0 million for the current quarter under review as compared to a net profit before tax of RM0.8 million recorded in the corresponding quarter ended 31 December 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 10.1% to RM65.3 million for the current quarter under review as compared to RM59.3 million recorded in the immediate preceding quarter ended 30 September 2021. The Group has managed to break the immediate preceding quarter's record high financial results, with the net profit before tax of RM21.0 million for the current quarter under review as compared to a net profit before tax of RM17.6 million recorded in the immediate preceding quarter. This is mainly due to higher sales volume achieved and improved operational efficiency.

16. PROSPECT

The Group, riding on the previous waves of high achieving results, continues to deliver unprecedented revenue and financial results, derived mainly from the Electric Vehicle (EV) sector. This secular growth trend is attributed to the Group's strong ability to cooperate with various major customers within the sector as well as the roaring market demand for EV.

With the prospects of the increasingly diverse demands within the EV sector, the Group is also set to consistently upgrade its infrastructure as well as the technical expertise of its personnel to provide well equipped business support landscape to the existing and potential worldwide customers. The Group is invariably maintaining its competitiveness and securing its position within the dynamic global market environment as one of the key players in EV.

The Board of Directors of Genetec announced that the company had on 11 January 2022 entered into a Memorandum of Understanding with Asia Precision Public Company Limited to collaborate and conduct a feasibility study in relation to the potential development of a factory automation facility for energy storage system business in Thailand. This move was part of the Group's customer diversification plan, which could lead the company to participate in Thailand's EV ecosystem development.

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 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Period To- Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
Malaysia income tax:				
- current taxation	(1,400)	(38)	(3,340)	(113)

The effective tax rate of the Group for the financial period ended 31 December 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	11,000 [^]	4,331	Within 24 months
Estimated expenses in relation to the Private Placement [^]	100	50	-	Within 1 month
Total	15,431	11,050	4,331	

[^] 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. On 1 December 2021, Bursa Securities had approved the listing and quotation of up to 661,564,800 bonus shares to be issued pursuant to the proposed bonus issue. On 11 January 2022, the Group announced that the bonus issue had been completed following the listing of and quotation for the 629,503,200 bonus shares on the ACE Market.

iii) Genetec Technology Berhad ("Genetec" or "the Company") - Memorandum of Understanding ("MOU") between Genetec and Asia Precision Public Company Limited

On 11 January 2022, the Board of Directors of Genetec announced that it had entered into a Memorandum of Understanding ("MOU") with Asia Precision Public Company Limited, a public company incorporated and existing under the laws of Thailand to collaborate and cooperate to jointly develop a factory automation for energy storage system business in Thailand, conduct research and development and technology exchange, and engage in any other business activities as the parties may mutually agree (the "Project").

The MOU provides the Company with a massive opportunity to enlarge its customer base in the energy storage segment as part of the ongoing customer base diversification plan. The potential joint venture will also provide the Company with a strong presence in Thailand to grow this energy storage business segment.

The parties agree to conduct a feasibility study in relation to the Project, including but not limited to the economic feasibility, financial feasibility, technical feasibility and legal feasibility for the most appropriate structure and details of the Project (the "Project Study").

Subject to the parties being satisfied with the results of the Project Study, the parties agree to negotiate in good faith with a view to finalize and execute the Joint Venture Agreement within 1 (one) month after the completion of the Project Study, or such other date as mutually agreed upon among the parties.

20. BORROWINGS

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

Current	RM'000
Unsecured: Hire purchase	564
Secured: Term loan	1,235
Trade bills	63,840
	<u>65,639</u>
Non-current	RM'000
Unsecured: Hire purchase	2,325
Secured: Term loan	5,720
	<u>8,045</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 31 December 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	88,936	87,881	1,055

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 December 2021.

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

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

	As at 31.12.2021 RM'000	As at 30.09.2021 RM'000
Total retained profits of the Group:		
- Realised	39,902	20,358
- Unrealised	2,818	2,748
	<hr/>	<hr/>
	42,720	23,106
Consolidation adjustments	8,228	9,559
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Total retained profits as per statement of financial position	50,948	32,665
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25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2021 RM' 000	Preceding Year Corresponding Quarter 31.12.2020 RM' 000	Current Year To-date 31.12.2021 RM' 000	Preceding Year Corresponding Period 31.12.2020 RM' 000
Basic earnings per share EPS				
Net Profit attributable to equity holders of the parent	18,282	889	42,774	1,439
Weighted average number of ordinary shares in issue ('000)	51,019	43,126	51,019	43,126
Basic EPS (sen)	35.83	2.06	83.84	3.34
Diluted earnings per share EPS				
Net Profit attributable to equity holders of the parent	18,282	889	42,774	1,439
Weighted average number of ordinary shares in issue ('000)	52,951	43,126	52,951	43,126
Diluted EPS (sen)	34.53	2.06	80.78	3.34