



GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)
(Incorporated in Malaysia)

Interim Report for the

First Quarter Ended

30 June 2022

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The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/06/2022 RM'000	Preceding Year Corresponding Quarter 30/06/2021 RM'000	Current Year To-date 30/06/2022 RM'000	Preceding Year Corresponding Period 30/06/2021 RM'000
Revenue		73,211	40,278	73,211	40,278
Cost of sales		(51,715)	(27,096)	(51,715)	(27,096)
Gross Profit		21,496	13,182	21,496	13,182
Interest income		17	9	17	9
Other operating income		9,660	1,402	9,660	1,402
Distribution expenses		(2,657)	(2,330)	(2,657)	(2,330)
Administrative expenses		(2,435)	(1,759)	(2,435)	(1,759)
Other operating expenses		(3,387)	(696)	(3,387)	(696)
Depreciation and amortisation		(901)	(732)	(901)	(732)
Profit from operations		21,793	9,076	21,793	9,076
Finance costs		(799)	(261)	(799)	(261)
Net (loss)/gain on financial assets and financial liabilities at fair value		(1,551)	41	(1,551)	41
Profit before taxation		19,443	8,856	19,443	8,856
Taxation	18	(800)	(650)	(800)	(650)
Profit for the financial period		18,643	8,206	18,643	8,206
Other comprehensive income/(expense)					
Foreign currency translation differences of foreign operations		(302)	(9)	(302)	(9)
Total comprehensive income for the financial period		18,341	8,197	18,341	8,197
Profit attributable to:					
Equity holders of the parent		18,493	8,182	18,493	8,182
Non-controlling interest		150	24	150	24
Profit for the financial period		18,643	8,206	18,643	8,206
Total comprehensive income attributable to:					
Equity holders of the parent		18,191	8,173	18,191	8,173
Non-controlling interest		150	24	150	24
Total comprehensive income for the financial period		18,341	8,197	18,341	8,197
Earnings per share (sen) :-	24				
(a) Basic*		2.71	1.20	2.71	1.20
(b) Fully diluted*		2.68	1.18	2.68	1.18

* Includes the retrospective effect in respect of bonus issue of 629,503,200 ordinary shares listed on 11 January 2022.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2022 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 30/06/2022 RM'000	(Audited) As at preceding financial year ended 31/03/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,216	40,788
Right-of-use assets	242	284
Intangible assets	5,060	5,060
Deferred tax assets	3,759	3,759
	50,277	49,891
Current assets		
Inventories	29,854	46,491
Derivative financial assets	-	272
Trade receivables	173,915	154,885
Other receivables	23,113	10,655
Other investment	236	732
Cash and cash equivalents	25,165	31,226
	252,283	244,261
TOTAL ASSETS	302,560	294,152
EQUITY AND LIABILITIES		
Share capital	88,215	88,215
Reserves	82,571	64,380
Equity attributable to equity holders of the parent	170,786	152,595
Non-controlling interest	8,350	8,200
Total equity	179,136	160,795
Non-current liabilities		
Borrowings	19 5,470	5,839
Hire purchase liabilities	19 3,522	3,369
Lease liabilities	59	95
Deferred tax liability	811	811
	9,862	10,114
Current liabilities		
Borrowings	19 76,165	87,716
Hire purchase liabilities	19 1,296	1,228
Lease liabilities	198	204
Current tax liabilities	10	182
Derivative financial liabilities	20 1,551	-
Trade payables	20,217	22,657
Other payables	14,125	11,256
	113,562	123,243
TOTAL EQUITY AND LIABILITIES	302,560	294,152
Net assets per share (RM)*	0.25	0.22

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non Distributable</u>		<u>Distributable</u>				
	Share Capital RM'000	Share Option Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<u>3 months ended 30 June 2021</u>							
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
<u>3 months ended 30 June 2022</u>							
Balance at 1 April 2022	88,215	1,125	(1,319)	64,574	152,595	8,200	160,795
Foreign currency translation	-	-	(302)	-	(302)	-	(302)
Profit for the financial year	-	-	-	18,493	18,493	150	18,643
Balance at 30 June 2022	88,215	1,125	(1,621)	83,067	170,786	8,350	179,136

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 2022 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 2022

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 3 months ended 30/06/2022 RM'000	(Audited) 3 months ended 30/06/2021 RM'000
Operating Activities		
Profit before tax	19,443	8,856
Adjustments for:		
Depreciation of property, plant and equipment	859	690
Depreciation of right-of-use assets	42	42
Loss on disposal of property, plant and equipment	1	-
Property, plant and equipment written off	6	-
Interest costs	799	261
Interest income	(17)	(9)
Change in fair value of other investment	(4)	(53)
Unrealised derivative loss/(gain)	1,551	(41)
Unrealised foreign exchange gain	(6,541)	(344)
	<hr/>	<hr/>
Operating profit before changes in working capital	16,139	9,402
Changes in working capital		
Inventories	16,637	(15,461)
Trade and other receivables	(24,722)	(32,629)
Trade and other payables	476	12,665
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	8,530	(26,023)
Income tax paid	(972)	(52)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	7,558	(26,075)
Investing Activities		
Interest received	17	9
Purchase of property, plant and equipment	(1,294)	(3,698)
Uplift/(Placement) of other investment	500	(4,000)
	<hr/>	<hr/>
Net cash used in investing activities	(777)	(7,689)
	<hr/>	<hr/>
Financing Activities		
Proceeds from issuance of shares	-	15,738
Net (repayment)/drawdown of bank borrowings	(11,522)	13,572
Net repayment of term loan	(398)	(293)
Net drawdown of hire purchase liabilities	221	908
Payment of lease liabilities	(42)	(41)
Interest paid	(799)	(261)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(12,540)	29,623
	<hr/>	<hr/>
Net change in cash and cash equivalents	(5,759)	(4,141)
Effect of exchange rate changes	(302)	(9)
Cash and cash equivalents at beginning of year	31,226	31,829
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<u>25,165</u>	<u>27,679</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>25,165</u>	<u>27,679</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 2022 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 2022. 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 2022.

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 2022.

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 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- 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*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- 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 2022.

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

There were no issues, cancellation, repurchase, resale or repayments of debt and equity securities for the period ended 30 June 2022.

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 2022 and up to the date of this report.

13. CAPITAL COMMITMENTS

	Amount (RM)
Contracted but not provided for - Property, plant and equipment	53 million

On behalf of the Company's Board of Directors, KAF Investment Bank Berhad had on 26 May 2022 announced that Genetec entered into a conditional sale and purchase agreement ("SPA") on 26 May 2022 for the acquisition of a piece of 99-year leasehold land in Bandar Baru Bangi measuring approximately 6.348 hectares together with erected buildings from Utusan Melayu (Malaysia) Berhad ("UMMB") (which is currently under creditors' voluntary liquidation) for a total cash consideration of RM53,000,000. The purpose of the acquisition is for additional factory space to cater for the expansion of the Group's manufacturing facilities to accommodate the increase in demand from its existing key customers particularly from the Electric Vehicle and Energy Storage segments.

There is no material progress pertaining to the SPA except that both Genetec and UMMB are still in the process of fulfilling the conditions precedent pertaining to the SPA.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 June 2022, the Group recorded a revenue of RM73.2 million, an increase of RM32.9 million or 81.6% as compared to the revenue of RM40.3 million recorded in the corresponding quarter ended 30 June 2021.

The Group recorded a net profit before tax of RM19.4 million for the current quarter under review as compared to a net profit before tax of RM8.9 million recorded in the corresponding quarter ended 30 June 2021. The increase in net profit before tax was mainly due to higher sales volumes achieved for the current quarter under review.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group increased by RM14.5 million or 24.7% to RM73.2 million for the current quarter under review as compared to RM58.7 million recorded in the immediate preceding quarter ended 31 March 2022. The Group recorded a net profit before tax of RM19.4 million as compared to a net profit before tax of RM14.8 million for the immediate preceding quarter mainly due to higher sales volumes achieved.

16. PROSPECT

The Group continued to achieve solid performance for the 5th consecutive quarter despite current global uncertainties such as high inflation rates and strained supply chains. Underpinned by secular automotive electrification trends, the Group continue to see high growing momentum in Electric Vehicle (EV) and Energy Storage segments which has driven a strong order book for the Group.

The Group is well aligned with the worldwide secular growth trend of electrification and renewable energy. Besides this, the Group's unique automation solutions and technology-driven capabilities in the EV and Energy Storage segments further strengthen its competitive advantage and facilitating its ability to capture a greater share of the existing addressable EV and Energy Storage markets.

Based on the well-established trusting relationships with existing major customers and the gradual recovery of global economic activities, the Group has confidence to continue delivering solid earnings for the remaining quarters of financial year ending 2023 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 30.06.2022 RM' 000	Preceding Year Corresponding Quarter 30.06.2021 RM' 000	Current Period To-date 30.06.2022 RM' 000	Preceding Year Corresponding Period 30.06.2021 RM' 000
Malaysia income tax:-				
- current taxation	(800)	(650)	(800)	(650)

The effective tax rate of the Group for the financial period ended 30 June 2022 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

19. BORROWINGS

Details of the Group's borrowings as at 30 June 2022 are as follows:-

Current	RM'000
Unsecured: Hire purchase	1,296
Secured: Term loan	1,569
Trade bills	74,596
	<u>77,461</u>
Non-current	RM'000
Unsecured: Hire purchase	3,522
Secured: Term loan	5,470
	<u>8,992</u>

20. FINANCIAL INSTRUMENTS

Derivatives

As at 30 June 2022, 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	63,687	65,238	(1,551)

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.

21. 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.

22. DIVIDEND PAYABLE

The Board of Directors does not recommend the payment of any interim dividend for the period ending 30 June 2022.

23. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 30 June 2022 and 31 March 2022 into realised and unrealised profits are as follows:-

	As at 30.06.2022 RM'000	As at 31.03.2022 RM'000
Total retained profits of the Group:-		
- Realised	67,427	52,695
- Unrealised	7,937	4,026
	<hr/> 75,364	<hr/> 56,721
Consolidation adjustments	<hr/> 7,703	<hr/> 7,853
Total retained profits as per statement of financial position	<hr/> 83,067	<hr/> 64,574

24. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2022	Preceding Year Corresponding Quarter 30.06.2021	Current Year To-date 30.06.2022	Preceding Year Corresponding Period 30.06.2021
	RM' 000	RM' 000	RM' 000	RM' 000
Basic earnings per share EPS				
Net Profit attributable to equity holders of the parent	18,493	8,182	18,493	8,182
Weighted average number of ordinary shares in issue ('000)*	681,962	679,769	681,962	679,769
Basic EPS (sen)	2.71	1.20	2.71	1.20
Diluted earnings per share EPS				
Net Profit attributable to equity holders of the parent	18,493	8,182	18,493	8,182
Weighted average number of ordinary shares in issue ('000)*	690,222	690,533	690,222	690,533
Diluted EPS (sen)	2.68	1.18	2.68	1.18

*Includes the retrospective effect in respect of bonus issue of 629,503,200 ordinary shares listed on 11 January 2022.