



**GENETEC TECHNOLOGY BERHAD**

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

Interim Report for the

Second Quarter Ended

30 September 2023

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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 30/09/2023 RM'000	Preceding Year Corresponding Quarter 30/09/2022 RM'000	Current Year To-date 30/09/2023 RM'000	Preceding Year Corresponding Period 30/09/2022 RM'000
Revenue		72,440	70,664	148,142	143,875
Cost of sales		(49,196)	(39,256)	(101,497)	(91,577)
Gross Profit		23,244	31,408	46,645	52,298
Interest income		117	60	274	77
Other operating income		6,367	10,190	15,122	19,850
Distribution expenses		(1,107)	(3,462)	(3,092)	(6,198)
Administrative expenses		(3,156)	(2,889)	(6,739)	(5,540)
Other operating expenses		(6,526)	(2,451)	(10,422)	(5,838)
Profit from operations		18,939	32,856	41,788	54,649
Finance costs		(769)	(952)	(1,467)	(1,751)
Net gain/(loss) on financial assets and financial liabilities at fair value		826	(3,964)	(1,537)	(5,515)
Share of loss of joint venture		(249)	-	(250)	-
Profit before taxation	27	18,747	27,940	38,534	47,383
Taxation	19	(1,300)	(2,300)	(2,300)	(3,100)
Profit for the financial period		17,447	25,640	36,234	44,283
Other comprehensive income/(expense)					
Foreign currency translation differences of foreign operations		(41)	(338)	(412)	(640)
Total comprehensive income for the financial period		17,406	25,302	35,822	43,643
Profit attributable to:					
Equity holders of the parent		18,454	25,055	35,834	43,548
Non-controlling interest		(1,007)	585	400	735
Profit for the financial period		17,447	25,640	36,234	44,283
Total comprehensive income attributable to:					
Equity holders of the parent		18,413	24,717	35,422	42,908
Non-controlling interest		(1,007)	585	400	735
Total comprehensive income for the financial period		17,406	25,302	35,822	43,643
Earnings per share (sen):-	26				
(a) Basic		2.45	3.67	4.76	6.39
(b) Fully diluted		2.41	3.59	4.67	6.23

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2023 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 current quarter 30/09/2023 RM'000	(Audited) As at preceding financial year ended 31/03/2023 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	127,070	114,183
Intangible assets	5,060	5,060
Investment in joint venture	-	1
Deferred tax assets	2,647	2,647
	134,777	121,891
<b>Current assets</b>		
Inventories	12,602	16,800
Derivative financial assets	-	175
Trade receivables	73,410	119,169
Current tax assets	442	-
Other receivables	8,202	14,386
Contract assets	148,894	48,068
Other investment	141,533	147,120
Cash and cash equivalents	18,031	32,672
	403,114	378,390
<b>TOTAL ASSETS</b>	537,891	500,281
<b>EQUITY AND LIABILITIES</b>		
Share capital	267,135	266,207
Reserves	165,972	130,761
<b>Equity attributable to equity holders of the parent</b>	433,107	396,968
Non-controlling interest	9,729	9,329
<b>Total equity</b>	442,836	406,297
<b>Non-current liabilities</b>		
Borrowings	21 4,620	4,496
Hire purchase liabilities	21 6,093	3,644
Lease liabilities	136	94
Deferred tax liability	806	806
	11,655	9,040
<b>Current liabilities</b>		
Borrowings	21 29,487	45,432
Hire purchase liabilities	21 3,096	1,670
Lease liabilities	277	173
Current tax liabilities	-	94
Derivative financial liabilities	22 1,537	-
Contract liabilities	6,887	1,060
Trade payables	33,422	29,007
Other payables	8,694	7,508
	83,400	84,944
<b>TOTAL EQUITY AND LIABILITIES</b>	537,891	500,281
<b>Net assets per share (RM)*</b>	0.57	0.53

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 2023 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			
<b><u>6 months ended 30 September 2022</u></b>							
Balance at 1 April 2022	88,215	1,125	(1,319)	64,574	152,595	8,200	160,795
Foreign currency translation	-	-	(640)	-	(640)	-	(640)
Profit for the financial year	-	-	-	43,548	43,548	735	44,283
<b>Balance at 30 September 2022</b>	<b>88,215</b>	<b>1,125</b>	<b>(1,959)</b>	<b>108,122</b>	<b>195,503</b>	<b>8,935</b>	<b>204,438</b>
<b><u>6 months ended 30 September 2023</u></b>							
Balance at 1 April 2023	266,207	1,125	(1,571)	131,207	396,968	9,329	406,297
Foreign currency translation	-	-	(412)	-	(412)	-	(412)
Share options exercised	928	(211)	-	-	717	-	717
Profit for the financial year	-	-	-	35,834	35,834	400	36,234
<b>Balance at 30 September 2023</b>	<b>267,135</b>	<b>914</b>	<b>(1,983)</b>	<b>167,041</b>	<b>433,107</b>	<b>9,729</b>	<b>442,836</b>

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 2023 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 2023****CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>(Unaudited) 6 months ended 30/09/2023 RM'000</b>	<b>(Audited) 6 months ended 30/09/2022 RM'000</b>
<b>Operating Activities</b>		
Profit before tax	38,534	47,383
Adjustments for:		
Depreciation of property, plant and equipment	3,217	1,807
Gain on disposal of property, plant and equipment	(24)	1
Property, plant and equipment written off	-	6
Interest costs	1,467	1,751
Interest income	(274)	(77)
Change in fair value of other investment	(2,413)	(49)
Unrealised derivative loss	1,537	5,515
Unrealised foreign exchange gain	(3,483)	(12,155)
Share of loss of joint venture	250	-
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	<b>38,811</b>	<b>44,182</b>
<b>Changes in working capital</b>		
Inventories	4,198	2,583
Trade and other receivables	55,868	(21,990)
Contract assets/liabilities	(94,999)	-
Trade and other payables	5,335	9,707
	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>9,213</b>	<b>34,482</b>
Income tax paid	(2,836)	(1,918)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>6,377</b>	<b>32,564</b>
<b>Investing Activities</b>		
Interest received	274	77
Investment in joint venture	(249)	-
Proceeds from disposal of property, plant and equipment	24	-
Purchase of property, plant and equipment	(15,862)	(2,933)
Uplift/(Placement) of other investment	8,000	(6,500)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>	<b>(7,813)</b>	<b>(9,356)</b>
<b>Financing Activities</b>		
Proceeds from issuance of shares	717	-
Net repayment of bank borrowings	(15,634)	(37,741)
Net repayment of term loan	(187)	(797)
Net drawdown of hire purchase liabilities	3,875	473
Payment of lease liabilities	(97)	(85)
Interest paid	(1,467)	(1,751)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>	<b>(12,793)</b>	<b>(39,901)</b>
Net change in cash and cash equivalents	(14,229)	(16,693)
Effect of exchange rate changes	(412)	(640)
Cash and cash equivalents at beginning of year	32,672	31,226
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<u>18,031</u>	<u>13,893</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>18,031</u>	<u>13,893</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 2023 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 Main 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 2023. 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 2023.

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 2023.

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 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 – 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 and International Tax Reform – Pillar Two Model Rules*

#### **MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024**

- Amendment to MFRS 16, *Leases – Lease liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendment to MFRS 107, *Statement of Cash Flows* and Amendments to MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

#### **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 2023.

## **3. CHANGE OF FINANCIAL YEAR END**

On 11 November 2023, the Company announced that the Board of Directors of the Company approved the change of financial year end from 31 March to 30 June.

Following the change in financial year end, the current financial year will cover a period of 15 months from 1 April 2023 to 30 June 2024 and thereafter to the last day of June each year.

## **4. 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.

## **5. 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.

## **6. 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.

## **7. 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 September 2023.

## **8. DIVIDEND PAID**

No dividend was paid during the current quarter under review.

## **9. 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.

## **10. PROPERTY, PLANT AND EQUIPMENT**

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

## 11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

On behalf of the Company's Board of Directors, SJ Securities and Astramina Advisory had on 27 October 2023 announced the completion of transfer of Genetec from ACE Market to the Main Market of Bursa Securities upon the listing and quotation of the entire issued shares of Genetec on Main Market.

This is a significant milestone for the Company which will enhance the Group's credibility, prestige and reputation, and accord the Company with greater recognition and support from larger pool of investors, in particular, institutional investors.

## 12. CHANGES IN THE COMPOSITION OF THE GROUP

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

## 13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There was no contingent liabilities or contingent assets as at 30 September 2023 and up to the date of this report.

## 14. CAPITAL COMMITMENTS

The capital commitment as at 30 September 2023 are as follows:

	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Authorised but not contracted for	26,240

## 15. REVIEW OF PERFORMANCE

For the current quarter ended 30 September 2023, the Group recorded a revenue of RM72.4 million, an increase of RM1.7 million or 2.4% as compared to the revenue of RM70.7 million recorded in the corresponding quarter ended 30 September 2022.

The Group has recorded a net profit before tax of RM18.7 million for current quarter under review as compared to a net profit before tax of RM27.9 million recorded in the corresponding quarter ended 30 September 2022. The decrease in profit before tax was mainly due to loss on foreign exchange and lower margin in product mix for the current quarter under review.

## 16. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group decreased by RM3.3 million or 4.4% to RM72.4 million for the current quarter under review as compared to RM75.7 million recorded in the preceding quarter ended 30 June 2023.

The Group recorded a net profit before tax of RM18.7 million, a decrease of RM1.1 million or 5.6% as compared to a net profit before tax of RM19.8 million for the immediate preceding quarter. The decrease in profit before tax was mainly due to loss on foreign exchange of RM0.6 million recorded in the current quarter as opposed to a gain on foreign exchange of RM1.1 million recorded in the preceding quarter.

## 17. PROSPECT

For the current quarter under review, the Group continues to record positive and steady performance, demonstrating continued business resilience and strong growth momentum. This is especially so for the Electric Vehicle (EV) and Energy Storage segments as well as for the forthcoming revenue streams.



On the EV front, the Group's effort in this segment continues to show steady results and growth due to new business development activities and strong support from major customers.

For Renewable Energy (RE), the Group has been actively exploring growth opportunities through own developed Battery Energy Storage System (BESS) i.e. MYBESS throughout the year. MYBESS is a new revenue source that will catalyse the Group's business growth and expand its customer base, further improving its prospects.

Coupled with the right government support, infrastructure, policies and initiatives, namely, the National Energy Transition Roadmap (NETR) and New Industrial Master Plan (NIMP) 2030, the Group is in a unique position to capture opportunities in the local and global EV and BESS industries. The Group's momentum is intensified by the increasing global demand for RE solutions for transport and energy where industrial BESS products play a critical role in powering the clean ecosystem.

With the Group's solid foundation and strategic direction, Genetec is confident in delivering strong earnings for the remaining quarters of the financial year ending 2024, barring any unforeseen circumstances.

## 18. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

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

## 19. TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Period Quarter	Preceding Year Corresponding Quarter	Current Period To-date	Preceding Year Corresponding Period
	30.09.2023 RM' 000	30.09.2022 RM' 000	30.09.2023 RM' 000	30.09.2022 RM' 000
Malaysia income tax:-				
- current taxation	(1,300)	(2,300)	(2,300)	(3,100)

The effective tax rate of the Group for the financial period ended 30 September 2023 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

## 20. STATUS OF CORPORATE PROPOSAL

### Private Placement

On behalf of the Company's Board of Directors, CIMB Investment Bank Berhad ("CIMB") had on 12 January 2023 announced that the Company proposed to undertake a private placement exercise involving the issuance of up to 71,669,520 new ordinary shares ("Proposed Private Placement").

Bursa had vide its letter dated 31 January 2023 approved the listing and quotation of up to 71,669,520 new ordinary shares in the Company to be issued pursuant to the Proposed Private Placement. The Company has fixed the issue price for the Private Placement comprising 68,196,180 Placement Shares at RM2.61 on 31 January 2023.

On behalf of the Company's Board of Directors, CIMB had on 15 February 2023 announced the completion of the Proposed Private Placement with the listing and quotation of 68,196,180 new ordinary shares on the ACE Market.

At the date of this report, the proposed and actual utilisation of RM178 million proceeds raised from the issuance for a total of 68,196,180 new ordinary shares at issue price per placement share of RM2.61 pursuant to the Private Placement are as follows:-

	Proposed Utilisation	Actual Utilisation	Available for Utilisation	Expected Utilisation Time Frame
	RM'000	RM'000	RM'000	
Expansion of manufacturing facilities	94,000	79,388	14,612	Within 36 months
Working capital requirements	80,992	46,664	34,328	Within 24 months
Estimated Expenses in relation to the Private Placement	3,000	3,000	-	Within 1 month
	177,992	129,052	48,940	

## 21. BORROWINGS

Details of the Group's borrowings as at 30 September 2023 are as follows:-

<b>Current</b>	<b>RM'000</b>
Unsecured: Hire purchase	3,096
Secured: Term loan	1,131
Trade bills	28,356
	32,583

<b>Non-current</b>	<b>RM'000</b>
Unsecured: Hire purchase	6,093
Secured: Term loan	4,620
	10,713

## 22. FINANCIAL INSTRUMENTS

### Derivatives

As at 30 September 2023, 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	45,383	46,920	(1,537)

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.

## 23. 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.

## 24. DIVIDEND PAYABLE

The Board of Directors does not recommend the payment of any interim dividend for the period ending 30 September 2023.

## 25. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 30 September 2023 and 30 June 2023 into realised and unrealised profits are as follows:-

	<b>As at 30.09.2023 RM'000</b>	<b>As at 30.06.2023 RM'000</b>
Total retained profits of the Group:-		
- Realised	157,224	139,098
- Unrealised	3,787	4,216
	<hr/> 161,011	<hr/> 143,314
Consolidation adjustments	<hr/> 6,030	<hr/> 5,273
Total retained profits as per statement of financial position	<hr/> 167,041	<hr/> 148,587

## 26. EARNINGS PER SHARE

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Year Quarter 30.09.2023 RM' 000	Preceding Year Corresponding Quarter 30.09.2022 RM' 000	Current Year To-date 30.09.2023 RM' 000	Preceding Year Corresponding Period 30.09.2022 RM' 000
<b>Basic earnings per share EPS</b>				
Net Profit attributable to equity holders of the parent	18,454	25,055	35,834	43,548
Weighted average number of ordinary shares in issue ('000)	753,561	681,962	753,561	681,962
Basic EPS (sen)	2.45	3.67	4.76	6.39
<b>Diluted earnings per share EPS</b>				
Net Profit attributable to equity holders of the parent	18,454	25,055	35,834	43,548
Weighted average number of ordinary shares in issue ('000)	767,049	698,495	767,049	698,495
Diluted EPS (sen)	2.41	3.59	4.67	6.23

## 27. PROFIT BEFORE TAXATION

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Year Quarter 30.09.2023 RM' 000	Preceding Year Corresponding Quarter 30.09.2022 RM' 000	Current Year To-date 30.09.2023 RM' 000	Preceding Year Corresponding Period 30.09.2022 RM' 000
Profit before taxation is arrived after charging/(crediting):				
Depreciation of property, plant and equipment	1,694	906	3,217	1,807
Property, plant and equipment written off	-	-	-	6
Fair value gain on other investments	(1,147)	(45)	(2,413)	(49)
(Gain)/Loss on disposal of property, plant and equipment	-	-	(24)	1
Net derivatives loss/(gain):				
- Realised	1,457	565	2,511	1,231
- Unrealised	(826)	3,964	1,537	5,515
Net foreign exchange loss/(gain):				
- Realised	(1,303)	(2,508)	(1,038)	(2,613)
- Unrealised	1,255	(5,614)	(3,483)	(12,155)