



**GENETEC TECHNOLOGY BERHAD**

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

Interim Report for the

Third Quarter Ended

31 December 2023

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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 31/12/2023 RM'000	Preceding Year Corresponding Quarter 31/12/2022 RM'000	Current Year To-date 31/12/2023 RM'000	Preceding Year Corresponding Period 31/12/2022 RM'000
Revenue		76,905	85,145	225,047	229,020
Cost of sales		(40,893)	(59,181)	(142,390)	(149,566)
<b>Gross Profit</b>		<b>36,012</b>	<b>25,964</b>	<b>82,657</b>	<b>79,454</b>
Interest income		130	63	404	140
Other operating income		6,275	12,615	21,397	32,465
Distribution expenses		(4,646)	(2,166)	(7,738)	(7,258)
Administrative expenses		(4,270)	(2,270)	(11,008)	(10,108)
Other operating expenses		(9,235)	(26,418)	(19,657)	(32,256)
<b>Profit from operations</b>		<b>24,266</b>	<b>7,788</b>	<b>66,055</b>	<b>62,437</b>
Finance costs		(778)	(827)	(2,245)	(2,578)
Net gain on financial assets and financial liabilities at fair value		1,675	6,922	138	1,407
Share of loss of joint venture		-	-	(250)	-
<b>Profit before taxation</b>	26	<b>25,163</b>	<b>13,883</b>	<b>63,698</b>	<b>61,266</b>
Taxation	18	(2,309)	(1,359)	(4,609)	(4,459)
<b>Profit for the financial period</b>		<b>22,854</b>	<b>12,524</b>	<b>59,089</b>	<b>56,807</b>
Other comprehensive income/(expense)					
Foreign currency translation differences of foreign operations		153	364	(259)	(276)
<b>Total comprehensive income for the financial period</b>		<b>23,007</b>	<b>12,888</b>	<b>58,830</b>	<b>56,531</b>
Profit attributable to:					
Equity holders of the parent		23,286	12,757	59,121	56,305
Non-controlling interest		(432)	(233)	(32)	502
<b>Profit for the financial period</b>		<b>22,854</b>	<b>12,524</b>	<b>59,089</b>	<b>56,807</b>
Total comprehensive income attributable to:					
Equity holders of the parent		23,439	13,121	58,862	56,029
Non-controlling interest		(432)	(233)	(32)	502
<b>Total comprehensive income for the financial period</b>		<b>23,007</b>	<b>12,888</b>	<b>58,830</b>	<b>56,531</b>
Earnings per share (sen):-	25				
(a) Basic		3.07	1.87	7.78	8.26
(b) Fully diluted		3.04	1.80	7.72	7.97

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

	(Unaudited) As at end of current quarter 31/12/2023 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	131,769	114,183
Intangible assets	5,060	5,060
Investment in joint venture	-	1
Deferred tax assets	2,647	2,647
	139,476	121,891
<b>Current assets</b>		
Inventories	14,929	16,800
Derivative financial assets	138	175
Trade receivables	118,830	119,169
Current tax assets	418	-
Other receivables	13,117	14,386
Contract assets	126,826	48,068
Other investment	138,689	147,120
Cash and cash equivalents	24,385	32,672
	437,332	378,390
<b>TOTAL ASSETS</b>	576,808	500,281
<b>EQUITY AND LIABILITIES</b>		
Share capital	269,578	266,207
Reserves	188,857	130,761
<b>Equity attributable to equity holders of the parent</b>	458,435	396,968
Non-controlling interest	9,297	9,329
<b>Total equity</b>	467,732	406,297
<b>Non-current liabilities</b>		
Borrowings	4,401	4,496
Hire purchase liabilities	6,000	3,644
Lease liabilities	93	94
Deferred tax liability	806	806
	11,300	9,040
<b>Current liabilities</b>		
Borrowings	35,545	45,432
Hire purchase liabilities	3,300	1,670
Lease liabilities	232	173
Current tax liabilities	-	94
Contract liabilities	19,441	1,060
Trade payables	26,570	29,007
Other payables	12,688	7,508
	97,776	84,944
<b>TOTAL EQUITY AND LIABILITIES</b>	576,808	500,281
<b>Net assets per share (RM)*</b>	0.59	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

	<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
<b><u>9 months ended 31 December 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	-	-	(276)	-	(276)	-	(276)
Profit for the financial year	-	-	-	56,305	56,305	502	56,807
<b>Balance at 31 December 2022</b>	<b>88,215</b>	<b>1,125</b>	<b>(1,595)</b>	<b>120,879</b>	<b>208,624</b>	<b>8,702</b>	<b>217,326</b>
<b><u>9 months ended 31 December 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	-	-	(259)	-	(259)	-	(259)
Share options exercised	3,371	(766)	-	-	2,605	-	2,605
Profit for the financial year	-	-	-	59,121	59,121	(32)	59,089
<b>Balance at 31 December 2023</b>	<b>269,578</b>	<b>359</b>	<b>(1,830)</b>	<b>190,328</b>	<b>458,435</b>	<b>9,297</b>	<b>467,732</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 THIRD QUARTER ENDED 31 DECEMBER 2023**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>(Unaudited) 9 months ended 31/12/2023 RM'000</b>	<b>(Audited) 9 months ended 31/12/2022 RM'000</b>
<b>Operating Activities</b>		
Profit before tax	63,698	61,266
Adjustments for:		
Depreciation of property, plant and equipment	5,124	2,766
(Gain)/Loss on disposal of property, plant and equipment	(24)	1
Property, plant and equipment written off	-	6
Interest costs	2,245	2,578
Interest income	(404)	(140)
Change in fair value of other investment	(3,567)	(106)
Unrealised derivative gain	(138)	(1,407)
Unrealised foreign exchange loss	2,047	2,052
Share of loss of joint venture	250	-
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	<b>69,231</b>	<b>67,016</b>
<b>Changes in working capital</b>		
Inventories	1,871	22,600
Trade and other receivables	(360)	(34,463)
Contract assets/liabilities	(60,377)	-
Trade and other payables	2,838	7,104
	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>13,203</b>	<b>62,257</b>
Income tax paid	(5,121)	(3,453)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) operating activities</b>	<b>8,082</b>	<b>58,804</b>
<b>Investing Activities</b>		
Interest received	404	140
Investment in joint venture	(249)	-
Proceeds from disposal of property, plant and equipment	24	-
Purchase of property, plant and equipment	(22,429)	(5,240)
Uplift/(Placement) of other investment	12,000	(4,500)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) investing activities</b>	<b>(10,250)</b>	<b>(9,600)</b>
	<hr/>	<hr/>
<b>Financing Activities</b>		
Proceeds from issuance of shares	2,604	-
Net repayment of bank borrowings	(9,421)	(30,826)
Net repayment of term loan	(562)	(1,197)
Net drawdown of hire purchase liabilities	3,988	103
Payment of lease liabilities	(224)	(155)
Interest paid	(2,245)	(2,578)
	<hr/>	<hr/>
<b>Net cash generated from/(used in) financing activities</b>	<b>(5,860)</b>	<b>(34,653)</b>
	<hr/>	<hr/>
Net change in cash and cash equivalents	(8,028)	14,551
Effect of exchange rate changes	(259)	(276)
Cash and cash equivalents at beginning of year	32,672	31,226
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<u>24,385</u>	<u>45,501</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>24,385</u>	<u>45,501</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. 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 31 December 2023.

**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 2023 and up to the date of this report.

## 13. CAPITAL COMMITMENTS

The capital commitment as at 31 December 2023 are as follows:

	<b>RM'000</b>
<b>Property, plant and equipment</b>	
Authorised but not contracted for	25,920

## 14. REVIEW OF PERFORMANCE

For the current quarter ended 31 December 2023, the Group recorded a revenue of RM76.9 million, a decrease of RM8.2 million or 9.6% as compared to the revenue of RM85.1 million recorded in the corresponding quarter ended 31 December 2022.

The Group has recorded a net profit before tax of RM25.2 million for current quarter under review as compared to a net profit before tax of RM13.9 million recorded in the corresponding quarter ended 31 December 2022. The increase in profit before tax was mainly due to higher margin in product mix for the current quarter under review.

## 15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group increased by RM4.5 million or 6.2% to RM76.9 million for the current quarter under review as compared to RM72.4 million recorded in the preceding quarter ended 30 September 2023.

The Group recorded a net profit before tax of RM25.2 million, a increase of RM6.5 million or 34.8% as compared to a net profit before tax of RM18.7 million for the immediate preceding quarter. The increase in profit before tax was mainly due to higher margin in product mix for the current quarter under review.

## 16. PROSPECT

For the current quarter under review, the Group is on track in recording strong performance. The performance is reflected in the revenue for the financial year to date, the higher double-digit margins for the quarter which is reflected in the higher bottom line.

Genetec's performance to date demonstrates our continued resilient growth momentum that is underpinned by the global energy transition towards renewable energy. The Electric Vehicle (EV) and Energy Storage segments are and are expected to remain significant contributors to the Group's revenue and for the forthcoming quarters.

The Group's efforts on the EV front continue its steady growth trajectory generated from the repeat orders, new business development activities and continued support from Genetec's major customers. Our efforts in deepening and broadening our engagements with our key clients are expected to generate further results in the coming quarters as we explore and widen our opportunities with the respective clients and seek to offer customized, turnkey manufacturing solutions that are complimentary to their current manufacturing requirements as well as other business / product divisions.



For its Renewable Energy (RE) business, the Group continues to build on the pipeline and development work by actively explore business opportunities for its Battery Energy Storage System (MYBESS). The Group is capitalising on the strong demand for RE solutions from the governments, power producers, large manufacturers as well as infrastructure developers as nations accelerate their energy transition towards renewables, in line with the National Energy Transition Roadmap (NETR) and New Industrial Master Plan (NIMP) 2030. These long-term plans are in the early stages and MYBESS is earmarked to be a strong revenue source for the Group that will fuel business growth and improve medium to long term prospects.

Overall, the Group is in a unique position to capture opportunities in the local, regional and global EV and RE industries. Coupled 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.

#### 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	Preceding Year Corresponding Quarter	Current Period To-date	Preceding Year Corresponding Period
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM' 000	RM' 000	RM' 000	RM' 000
Malaysia income tax:-				
- current taxation	(2,309)	(1,359)	(4,609)	(4,459)

The effective tax rate of the Group for the financial period ended 31 December 2023 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, 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	61,234	19,758	Within 24 months
Estimated Expenses in relation to the Private Placement	3,000	3,000	-	Within 1 month
	177,992	143,622	34,370	

## 20. BORROWINGS

Details of the Group's borrowings as at 31 December 2023 are as follows:-

<b>Current</b>	<b>RM'000</b>
Unsecured: Hire purchase	3,300
Secured: Term loan	975
Trade bills	34,570
	<u>38,845</u>

<b>Non-current</b>	<b>RM'000</b>
Unsecured: Hire purchase	6,000
Secured: Term loan	4,401
	<u>10,401</u>

## 21. FINANCIAL INSTRUMENTS

### Derivatives

As at 31 December 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	51,546	51,408	138

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 2023.

## 24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 December 2023 and 30 September 2023 into realised and unrealised profits are as follows:-

	<b>As at 31.12.2023 RM'000</b>	<b>As at 30.09.2023 RM'000</b>
Total retained profits of the Group:-		
- Realised	183,933	157,224
- Unrealised	(68)	3,787
	<hr/> 183,865	<hr/> 161,011
Consolidation adjustments	<hr/> 6,463	<hr/> 6,030
Total retained profits as per statement of financial position	<hr/> 190,328	<hr/> 167,041

## 25. EARNINGS PER SHARE

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Year Quarter 31.12.2023 RM' 000	Preceding Year Corresponding Quarter 31.12.2022 RM' 000	Current Year To-date 31.12.2023 RM' 000	Preceding Year Corresponding Period 31.12.2022 RM' 000
<b>Basic earnings per share EPS</b>				
Net Profit attributable to equity holders of the parent	23,286	12,757	59,121	56,305
Weighted average number of ordinary shares in issue ('000)	759,508	681,962	759,508	681,962
Basic EPS (sen)	3.07	1.87	7.78	8.26
<b>Diluted earnings per share EPS</b>				
Net Profit attributable to equity holders of the parent	23,286	12,757	59,121	56,305
Weighted average number of ordinary shares in issue ('000)	765,849	706,776	765,849	706,776
Diluted EPS (sen)	3.04	1.80	7.72	7.97

## 26. PROFIT BEFORE TAXATION

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Year Quarter 31.12.2023 RM' 000	Preceding Year Corresponding Quarter 31.12.2022 RM' 000	Current Year To-date 31.12.2023 RM' 000	Preceding Year Corresponding Period 31.12.2022 RM' 000
Profit before taxation is arrived after charging/(crediting):				
Depreciation of property, plant and equipment	1,907	959	5,124	2,766
Property, plant and equipment written off	-	-	-	6
Fair value gain on other investments	(1,154)	(58)	(3,567)	(106)
(Gain)/Loss on disposal of property, plant and equipment	-	-	(24)	1
Net derivatives loss/(gain):				
- Realised	811	2,510	3,322	3,742
- Unrealised	(1,675)	(6,922)	(138)	(1,407)
Net foreign exchange loss/(gain):				
- Realised	(1,961)	(2,676)	(2,999)	(5,289)
- Unrealised	5,530	14,207	2,047	2,052