



GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)

(Incorporated in Malaysia)

Interim Report for the

Fourth Quarter Ended

31 March 2024

Contents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Interim Financial Report	5 - 11

GENETEC TECHNOLOGY BERHAD
Company No.:199701030038 (445537-W)
INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2024

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 31/03/2024 RM'000	Preceding Year Corresponding Quarter 31/03/2023 RM'000	Current Year To-date 31/03/2024 RM'000	Preceding Year Corresponding Period 31/03/2023 RM'000
Revenue		70,470	65,571	295,517	294,591
Cost of sales		(47,131)	(46,591)	(189,521)	(196,157)
Gross Profit		23,339	18,980	105,996	98,434
Interest income		287	163	691	303
Other operating income		4,618	13,829	26,015	46,294
Distribution expenses		(1,810)	(3,227)	(9,548)	(10,485)
Administrative expenses		(3,196)	(3,226)	(14,204)	(13,334)
Other operating expenses		(2,457)	(10,731)	(22,114)	(42,987)
Profit from operations		20,781	15,788	86,836	78,225
Finance costs		(838)	(923)	(3,083)	(3,501)
Net (loss)/gain on financial assets and financial liabilities at fair value		(882)	(1,232)	(744)	175
Share of loss of joint venture		-	-	(250)	-
Profit before taxation	25	19,061	13,633	82,759	74,899
Taxation	18	(1,400)	(2,553)	(6,009)	(7,012)
Profit for the financial period		17,661	11,080	76,750	67,887
Other comprehensive income					
Foreign currency translation differences of foreign operations		(195)	(101)	(454)	(377)
Total comprehensive income for the financial period		17,466	10,979	76,296	67,510
Profit attributable to:					
Equity holders of the parent		16,844	10,328	75,965	66,633
Non-controlling interest		817	752	785	1,254
Profit for the financial period		17,661	11,080	76,750	67,887
Total comprehensive income attributable to:					
Equity holders of the parent		16,649	10,353	75,511	66,382
Non-controlling interest		817	626	785	1,128
Total comprehensive income for the financial period		17,466	10,979	76,296	67,510
Earnings per share (sen):-	24				
(a) Basic		2.21	1.50	9.95	9.65
(b) Fully diluted		2.18	1.43	9.85	9.21

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 31/03/2024 RM'000	(Audited) As at preceding financial year ended 31/03/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	132,066	114,183
Intangible assets	5,060	5,060
Investment in joint venture	-	1
Deferred tax assets	2,647	2,647
Other investment	2,280	-
	142,053	121,891
Current assets		
Inventories	13,918	16,800
Derivative financial assets	-	175
Trade receivables	80,829	119,169
Current tax assets	451	266
Other receivables	18,769	14,386
Contract assets	155,024	48,068
Other investment	115,742	147,120
Cash and cash equivalents	64,515	32,672
	449,248	378,656
TOTAL ASSETS	591,301	500,547
EQUITY AND LIABILITIES		
Share capital	269,763	266,207
Reserves	205,463	130,761
Equity attributable to equity holders of the parent	475,226	396,968
Non-controlling interest	10,114	9,329
Total equity	485,340	406,297
Non-current liabilities		
Borrowings	4,181	4,496
Hire purchase liabilities	5,225	3,644
Lease liabilities	124	94
Deferred tax liability	806	806
	10,336	9,040
Current liabilities		
Borrowings	18,191	45,432
Hire purchase liabilities	3,269	1,670
Lease liabilities	180	173
Current tax liabilities	240	360
Derivative financial liabilities	744	-
Contract liabilities	23,064	1,060
Trade payables	24,395	29,007
Other payables	25,542	7,508
	95,625	85,210
TOTAL EQUITY AND LIABILITIES	591,301	500,547
Net assets per share (RM)*	0.61	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.

GENETEC TECHNOLOGY BERHAD
Company No.:199701030038 (445537-W)
INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2024

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non</u> <u>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>12 months ended 31 March 2023</u>							
Balance at 1 April 2022	88,215	1,125	(1,319)	64,574	152,595	8,200	160,795
Foreign currency translation	-	-	(252)	-	(252)	(125)	(377)
Share options exercised	177,992	-	-	-	177,992	-	177,992
Profit for the financial year	-	-	-	66,633	66,633	1,254	67,887
Balance at 31 March 2023	266,207	1,125	(1,571)	131,207	396,968	9,329	406,297
<u>12 months ended 31 March 2024</u>							
Balance at 1 April 2023	266,207	1,125	(1,571)	131,207	396,968	9,329	406,297
Foreign currency translation	-	-	(454)	-	(454)	-	(454)
Share options exercised	3,556	(809)	-	-	2,747	-	2,747
Profit for the financial year	-	-	-	75,965	75,965	785	76,750
Balance at 31 March 2024	269,763	316	(2,025)	207,172	475,226	10,114	485,340

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 FOURTH QUARTER ENDED 31 MARCH 2024**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) 12 months ended 31/03/2024 RM'000	(Audited) 12 months ended 31/03/2023 RM'000
Operating Activities		
Profit before taxation	82,759	74,899
Adjustments for:		
Depreciation of property, plant and equipment	7,092	3,780
Gain on disposal of property, plant and equipment	(24)	(15)
Property, plant and equipment written off	-	6
Interest costs	3,083	3,501
Interest income	(691)	(303)
Change in fair value of other investment	(4,622)	(888)
Unrealised derivative loss/(gain)	744	(175)
Unrealised foreign exchange (gain)/loss	(238)	106
Write-down of inventories	-	169
Share of loss of joint venture	250	-
Operating profit before changes in working capital	88,353	81,080
Changes in working capital		
Inventories	2,882	29,522
Trade and other receivables	34,394	31,651
Contract assets/liabilities	(84,952)	(46,508)
Trade and other payables	13,398	2,601
Net cash generated from operating activities	54,075	98,346
Income tax paid	(6,314)	(5,993)
Net cash generated from operating activities	47,761	92,353
Investing Activities		
Interest received	691	303
Investment in joint venture	(249)	(1)
Proceeds from disposal of property, plant and equipment	24	99
Purchase of property, plant and equipment	(24,627)	(74,674)
Withdrawal/(Placement) of other investment	33,720	(145,500)
Net cash generated from/(used in) investing activities	9,559	(219,773)
Financing Activities		
Proceeds from issuance of shares	2,747	177,992
Net repayment of trade finance liabilities	(26,670)	(42,129)
Net repayment of term loan	(886)	(1,498)
Net drawdown of hire purchase liabilities	3,180	(1,388)
Payment of lease liabilities	(311)	(234)
Interest paid	(3,083)	(3,501)
Net cash (used in)/generated from financing activities	(25,023)	129,242
Net change in cash and cash equivalents	32,297	1,822
Effect of exchange rate changes	(454)	(377)
Cash and cash equivalents at beginning of year	32,672	31,227
Cash and cash equivalents at end of period/year	64,515	32,672
Cash and cash equivalent comprise of:-		
Cash and bank balances	64,515	32,672

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 Group has adopted the following accounting standards, interpretations and amendments of the MFRSs that have become effective in current financial period:-

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*

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.

The Group has not applied in advance the following MFRSs, interpretations and amendments that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective for the current financial period:-

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 1 January 2025

- Amendment to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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*

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 March 2024, except for below:

Employees' Share Option Scheme ("ESOS")

During the current quarter under review, the company issued 1,300,000 new ordinary shares of RM0.11 per share pursuant to the 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

On behalf of the Company's Board of Directors, KAF Investment Bank Berhad had on 28 May 2024 announced that the Company proposes to establish and implement a long-term incentive plan of up to 5% of the Company's total issued shares for the eligible executive directors and employees of the Company and its subsidiary companies.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes 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 March 2024 and up to the date of this report.

13. CAPITAL COMMITMENTS

The capital commitment as at 31 March 2024 are as follows:

	RM'000
Property, plant and equipment	
Authorised but not contracted for	25,670
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14. REVIEW OF PERFORMANCE

For the current quarter ended 31 March 2024, the Group recorded a revenue of RM70.5 million, an increase of RM4.9 million or 7.5% as compared to the revenue of RM65.6 million recorded in the corresponding quarter ended 31 March 2023.

The Group has recorded a profit before taxation of RM19.1 million for current quarter under review as compared to a profit before taxation of RM13.6 million recorded in the corresponding quarter ended 31 March 2023. The increase in profit before taxation 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 decreased by RM6.4 million or 8.3% to RM70.5 million for the current quarter under review as compared to RM76.9 million recorded in the preceding quarter ended 31 December 2023.

The Group recorded a profit before taxation of RM19.1 million, a decrease of RM6.1 million or 24.2% as compared to a profit before taxation of RM25.2 million for the immediate preceding quarter. The decrease in profit before taxation was mainly due to lower revenue recorded.

16. PROSPECT

Genetec's performance demonstrates a healthy momentum predominantly supported by its Electric Vehicle (EV) and Energy Storage segments, which are expected to remain primary contributors to the Group's revenue in the coming quarters.

Looking ahead, Genetec remains confident of its position as a key solution provider in the highly specialised manufacturing of automation lines for its key customers. At the same time, Genetec is actively exploring new opportunities, through collaboration with the customers to improve on current lines as well as to offer solutions for new product divisions within the customer's group.

Genetec anticipates increasing demand for its automation and energy storage solutions as customers continue to execute on their production plans in the respective segments. Securing recurring orders in the EV and energy storage segments are expected to anchor Genetec's earning prospects in the coming quarters. Expectations are that revenue will be further complemented by potential opportunities in the new and other product divisions of the existing customers.

For our Renewable Energy (RE) business, the Genetec continues to build on the pipeline and development works by actively explore business opportunities for its Battery Energy Storage System solution.

Genetec remains laser focused on building on our strong relationships and reputation in the automotive industry, especially in the EV and energy storage segments. Genetec is in a unique position to capture opportunities in the local, regional and global EV and RE industries and is on course to deliver strong earnings for 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 Year Quarter 31.03.2024 RM' 000	Preceding Year Corresponding Quarter 31.03.2023 RM' 000	Current Year To-date 31.03.2024 RM' 000	Preceding Year Corresponding Period 31.03.2023 RM' 000
Current tax: -				
- current year	(1,400)	(2,076)	(6,000)	(5,685)
- under provision in prior years	-	(229)	(9)	(220)
Deferred tax	-	(248)	-	(1,107)
	<u>(1,400)</u>	<u>(2,553)</u>	<u>(6,009)</u>	<u>(7,012)</u>

The effective tax rate of the Group for the financial period ended 31 March 2024 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	80,208	13,792	Within 36 months
Working capital requirements	80,992	62,579	18,413	Within 24 months
Estimated Expenses in relation to the Private Placement	3,000	3,000	-	Within 1 month
	177,992	145,787	32,205	

20. BORROWINGS

Details of the Group's borrowings as at 31 March 2024 are as follows:-

Current	RM'000
Unsecured: Hire purchase	3,269
Secured: Term loan	871
Trade bills	17,320
	<u>21,460</u>
Non-current	RM'000
Unsecured: Hire purchase	5,225
Secured: Term loan	4,181
	<u>9,406</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 31 March 2024, 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	42,684	43,428	(744)

All derivative financial instruments held by the Group will be recognised 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 March 2024.

24. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2024 RM' 000	Preceding Year Corresponding Quarter 31.03.2023 RM' 000	Current Year To-date 31.03.2024 RM' 000	Preceding Year Corresponding Period 31.03.2023 RM' 000
Basic earnings per share				
Net Profit attributable to equity holders of the parent	16,844	10,328	75,965	66,633
Weighted average number of ordinary shares in issue ('000)	763,448	690,297	763,448	690,297
Basic EPS (sen)	2.21	1.50	9.95	9.65

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2024 RM' 000	Preceding Year Corresponding Quarter 31.03.2023 RM' 000	Current Year To-date 31.03.2024 RM' 000	Preceding Year Corresponding Period 31.03.2023 RM' 000
Diluted earnings per share				
Net Profit attributable to equity holders of the parent	16,844	10,328	75,965	66,633
Weighted average number of ordinary shares in issue ('000)	763,448	690,297	763,448	690,297
Effect of dilution: Exercise of ESOS	7,445	33,150	7,445	33,150
Adjusted weighted average number of shares in issue ('000)	770,893	723,447	770,893	723,447
Diluted EPS (sen)	2.18	1.43	9.85	9.21

25. PROFIT BEFORE TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2024 RM' 000	Preceding Year Corresponding Quarter 31.03.2023 RM' 000	Current Year To-date 31.03.2024 RM' 000	Preceding Year Corresponding Period 31.03.2023 RM' 000
Profit before taxation is arrived after charging/(crediting):				
Depreciation of property, plant and equipment	1,968	1,014	7,092	3,780
Property, plant and equipment written off	-	-	-	6
Fair value gain on other investments	(1,051)	(782)	(4,622)	(888)
Gain on disposal of property, plant and equipment	-	(16)	(24)	(15)
Net derivatives loss/(gain):				
- Realised	824	(798)	4,146	2,944
- Unrealised	882	1,232	744	(175)
Net foreign exchange loss/(gain):				
- Realised	387	642	(2,612)	(4,647)
- Unrealised	(2,285)	(1,946)	(238)	106
Write-down of inventories	-	169	-	169
Interest income	(287)	(163)	(691)	(303)
Interest expense	838	923	3,083	3,501