



GENETEC TECHNOLOGY BERHAD

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

Interim Report for the

First Quarter Ended

30 September 2024

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GENETEC TECHNOLOGY BERHAD
Company No.:199701030038 (445537-W)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2024

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<u>Note</u>	INDIVIDUAL QUARTER Current Year Quarter 30/09/2024 RM'000	CUMULATIVE QUARTER Current Year To-date 30/09/2024 RM'000
Revenue		40,202	40,202
Cost of sales		(32,855)	(32,855)
Gross Profit		7,347	7,347
Interest income		418	418
Other operating income		1,952	1,952
Administrative expenses		(3,380)	(3,380)
Other operating expenses		(1,317)	(1,317)
Profit from operations		5,020	5,020
Finance costs		(372)	(372)
Net loss on financial assets and financial liabilities at fair value		(218)	(218)
Profit before taxation	24	4,430	4,430
Taxation	17	(300)	(300)
Profit for the financial period		4,130	4,130
Other comprehensive income			
Foreign currency translation differences of foreign operations		458	458
Total comprehensive income for the financial period		4,588	4,588
Profit attributable to:			
Equity holders of the parent		4,768	4,768
Non-controlling interest		(638)	(638)
Profit for the financial period		4,130	4,130
Total comprehensive income attributable to:			
Equity holders of the parent		5,226	5,226
Non-controlling interest		(638)	(638)
Total comprehensive income for the financial period		4,588	4,588
Earnings per share (sen):-	23		
(a) Basic		0.61	0.61
(b) Diluted		0.61	0.61

In view of the change in the financial year end from 31 March 2023 to 30 June 2024, there were no comparative financial information available for the corresponding 3 months period.

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2024 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 SEPTEMBER 2024

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Note</u>	(Unaudited) As at end of current quarter 30/09/2024 RM'000	(Audited) As at preceding financial period ended 30/06/2024 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		135,799	134,793
Intangible assets		5,060	5,060
Deferred tax assets		3,273	3,272
Other investment		2,280	2,280
		146,412	145,405
Current assets			
Inventories		8,491	13,795
Trade receivables		87,853	46,817
Current tax assets		1,142	114
Other receivables		11,905	11,166
Contract assets		170,329	186,257
Short-term investment		104,233	122,815
Cash and bank balances		19,512	41,340
		403,465	422,304
TOTAL ASSETS		549,877	567,709
EQUITY AND LIABILITIES			
Share capital		271,153	269,980
Reserves		206,761	217,499
Equity attributable to equity holders of the parent		477,914	487,479
Non-controlling interest		8,611	9,249
Total equity		486,525	496,728
Non-current liabilities			
Borrowings	19	7,415	8,415
Lease liabilities		75	83
Deferred tax liability		343	343
		7,833	8,841
Current liabilities			
Borrowings	19	29,256	14,063
Lease liabilities		131	145
Current tax liabilities		546	609
Derivative financial liabilities	20	218	120
Contract liabilities		1,532	1,135
Trade payables		16,025	37,624
Other payables		7,811	8,444
		55,519	62,140
TOTAL EQUITY AND LIABILITIES		549,877	567,709
Net assets per share (RM)*		0.61	0.62

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 period ended 30 June 2024 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 SEPTEMBER 2024

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			
<u>3 months ended 30 September 2024</u>							
Balance at 1 July 2024	269,980	266	(1,842)	219,075	487,479	9,249	496,728
Foreign currency translation	-	-	458	-	458	-	458
Share options exercised	1,173	(266)	-	-	907	-	907
Dividends paid	-	-	-	(15,698)	(15,698)	-	(15,698)
Profit for the financial year	-	-	-	4,768	4,768	(638)	4,130
Balance at 30 September 2024	271,153	-	(1,384)	208,145	477,914	8,611	486,525
<u>15 months ended 30 June 2024</u>							
Restated balance at 1 April 2023	266,207	1,125	(1,571)	132,951	398,712	11,004	409,716
Foreign currency translation	-	-	(271)	-	(271)	(181)	(452)
Share options exercised	3,773	(859)	-	-	2,914	-	2,914
Profit for the financial period	-	-	-	86,124	86,124	(1,574)	84,550
Balance at 30 June 2024	269,980	266	(1,842)	219,075	487,479	9,249	496,728

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2024 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 SEPTEMBER 2024

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 3 months ended 30/09/2024 RM'000	(Audited) 15 months ended 30/06/2024 RM'000
Operating Activities		
Profit before taxation	4,430	90,391
Adjustments for:		
Depreciation of property, plant and equipment	1,696	8,026
Gain on disposal of property, plant and equipment	-	(24)
Interest expenses	372	3,106
Interest income	(418)	(2,889)
Change in fair value of short-term investment	(759)	(3,811)
Unrealised derivative loss	218	120
Unrealised foreign exchange loss/(gain)	(420)	(321)
Reversal of inventories written down	-	(9)
Inventories written down	-	367
Share of loss of joint venture	-	250
Operating profit before changes in working capital	<u>5,119</u>	<u>95,206</u>
Changes in working capital		
Inventories	5,304	(5,571)
Trade and other receivables	(41,920)	76,643
Contract assets/liabilities	16,326	(125,898)
Trade and other payables	(21,789)	9,478
Cash (used in)/generated from operating activities	<u>(36,960)</u>	<u>49,858</u>
Income tax paid	(1,391)	(7,607)
Net cash (used in)/generated from operating activities	<u>(38,351)</u>	<u>42,251</u>
Investing Activities		
Interest received	177	1,005
Investment in joint venture	-	(249)
Proceeds from disposal of property, plant and equipment	-	24
Purchase of property, plant and equipment	(2,702)	(22,390)
Acquisition of other investment	-	(2,280)
Withdrawal of short-term investment	19,582	30,000
Net cash generated from investing activities	<u>17,057</u>	<u>6,110</u>
Financing Activities		
Dividend paid	(15,698)	-
Proceeds from issuance of shares	907	2,914
Net drawdown/(repayment) of trade finance liabilities	15,521	(34,278)
Net repayment of term loan	(217)	(1,106)
Net repayment of hire purchase liabilities	(851)	(3,623)
Payment of lease liabilities	(22)	(302)
Interest paid	(372)	(3,106)
Net cash used in financing activities	<u>(732)</u>	<u>(39,501)</u>
Net change in cash and cash equivalents	(22,026)	8,860
Effect of exchange rate changes	458	(452)
Cash and cash equivalents at beginning of year	41,080	32,672
Cash and cash equivalents at end of period	<u><u>19,512</u></u>	<u><u>41,080</u></u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	19,512	41,340
Less: Bank overdraft	-	(260)
Cash and cash equivalents	<u><u>19,512</u></u>	<u><u>41,080</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period ended 30 June 2024 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 period ended 30 June 2024. 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 period ended 30 June 2024.

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 period ended 30 June 2024.

During the current financial period, the Group has adopted the following MFRSs, amendments to MFRSs and IC interpretation that have become effective in current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

Amendments to MFRS 101: Non-current Liabilities with Covenants

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The initial application of the abovementioned MFRSs, IC interpretations or amendments did not 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, amendments to MFRSs and IC Interpretation that have been issued by the Malaysian Accounting Standard Board ("MASB") but are not yet effective for the current financial year:

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the abovementioned MFRSs, amendments to MFRSs and IC interpretations is expected to have no material financial impact to the current period and prior period financial statements of the Group upon their initial application.

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 period ended 30 June 2024.

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 September 2024, except for below:

Employees' Share Option Scheme ("ESOS")

During the current quarter under review, the company issued 8,240,400 new ordinary shares of RM0.11 per share pursuant to the Employees' Share Option Scheme.

On 9 September 2024, the Company announced that the ESOS is terminated. As at the termination date, there are no outstanding options under the ESOS which had been granted but remain unexercised.

7. 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.

8. PROPERTY, PLANT AND EQUIPMENT

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

9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM REPORTING PERIOD

On 4 November 2024, on behalf of the Board of Directors of the Company, TA Securities Holdings Berhad announced that the Company had on the same date entered into a conditional share sale agreement with Tan Moon Teik ("Purchaser") in relation to the proposed disposal of 6,183,750 ordinary shares in CLT Engineering Sdn. Bhd. ("CLT"), representing 51% equity interest in CLT to Purchaser for a total disposal consideration of RM21,627,559 to be settled via cash.

As of the date of this report, there is no further updates since the initial announcement made on 4 November 2024.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no material changes in the composition of the Group for the current quarter under review.

11. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There was no contingent liabilities or contingent assets as at 30 September 2024 and up to the date of this report.

12. CAPITAL COMMITMENTS

The capital commitment as at 30 September 2024 are as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>28,872</u>

13. REVIEW OF PERFORMANCE

	Current Year Quarter 30.09.2024 RM'000
Revenue	40,202
Gross profit	7,347
Profit before tax	4,430
Profit after tax	4,130
Profit after tax attributable to equity holders of the parent	4,768

In view of the change in the financial year end from 31 March 2023 to 30 June 2024, there were no comparative financial information available for the corresponding 3 months period.

For the current quarter ended 30 June 2024, the Group recorded a revenue of RM40.2 million and profit before taxation of RM4.4 million.

14. COMPARISON WITH PRECEDING QUARTER'S RESULTS

	Current Year Quarter 30.09.2024 RM'000	Preceding Quarter 30.06.2024 RM'000	Variance RM'000	Variance %
Revenue	40,202	51,486	(11,284)	(21.9)
Gross profit	7,347	10,128	(2,781)	(27.5)
Profit before tax	4,430	7,632	(3,202)	(42.0)
Profit after tax	4,130	7,800	(3,670)	(47.1)
Profit after tax attributable to equity holders of the parent	4,768	10,159	(5,391)	(53.1)

Revenue of the Group decreased by RM11.3 million or 21.9% to RM40.2 million for the current quarter under review as compared to RM51.5 million recorded in the preceding quarter ended 30 June 2024.

The Group recorded a profit before taxation of RM4.4 million, a decrease of RM3.2 million or 42.0% as compared to a profit before taxation of RM7.6 million for the immediate preceding quarter. The decrease in profit before taxation was mainly due to lower revenue recorded.

15. PROSPECT

With the conclusion of the U.S. Presidential Election, the Group believes that the period of uncertainty is now behind us, and our clients can now focus on executing their plan. As the new administration takes office, we anticipate clearer policy guidance, which we view positively for the Group. Projects which were put on-hold previously have now continued and we are busy catching-up on those projects, while at the same time we have received many new request for proposal (RFPs) from our clients.

As shared in the recent quarters, our team has been exceptionally busy, with our engineers work closely with clients across their facilities worldwide – including in the North America and Europe – on both upgrade initiatives and new development projects. Our proven track record and unwavering support during challenging times have fostered strong, lasting relationship with our clients, earning us a high level of trust. These deep connections have, in turn, unlocked new opportunities across various segments within our clients' organisations.

Further, as part of the Group's strategy to broaden our client base and expand our product offerings, we have participated in international exhibitions and trade shows, which has generated valuable new business leads, opening doors to new industries and markets.

As a result, our business development team is working tirelessly submitting proposals, attending clarification meetings with clients and prospects, while our engineering and design team work at full force, delivering new manufacturing technology and solutions to meet our clients' needs.

Regarding our battery energy storage system (BESS) business, we are gaining traction in the domestic market, albeit on a smaller scale, as users increasingly recognise the benefits of the technology. We are also seeing growing interest in pairing BESS with new solar plants, especially in connection with the recently announced Corporate Renewable Energy Supply Scheme (CRESS) by the government. On the international front, we see potential for recurring orders from our existing clients, driven by our strong project execution, track record and the global trend of BESS implementation as part of the energy transition journey.

Against this backdrop, the Group is cautiously optimistic about our mid to long-term prospects, and we look forward to updating our shareholders when we secure significant wins.

16. VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

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

17. TAXATION

	Current Year Quarter 30.09.2024 RM' 000	Current Year To-date 30.09.2024 RM' 000
Current tax: -		
- current year	(300)	(300)
- overprovision in prior period	-	-
Deferred tax: -		
- current year	-	-
- overprovision in prior period	-	-
	(300)	(300)

The effective tax rate of the Group for the financial period ended 30 September 2024 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

18. STATUS OF CORPORATE PROPOSAL

(i) Private Placement

On 12 January 2023, 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 Securities had 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 via its letter dated 31 January 2023.

On 31 January 2023, the Company has fixed the issue price for the Private Placement comprising 68,196,180 Placement Shares at RM2.61 and subsequently on 15 February 2023, the Proposed Private Placement has completed 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 RM'000	Actual Utilisation RM'000	Available for Utilisation RM'000	Expected Utilisation Time Frame
Expansion of manufacturing facilities	94,000	80,508	13,492	Within 36 months
Working capital requirements	80,992	69,761	11,231	Within 24 months
Estimated expenses in relation to the Private Placement	3,000	3,000	-	Within 1 month
	177,992	153,269	24,723	

(ii) Long-Term Incentive Plan (“Proposed LTIP”)

On 28 May 2024, the Company proposed to establish and implement a Proposed LTIP of up to 5% of the Company’s total issued shares (excluding treasury shares, if any) at any point of time during the duration of the LTIP for the eligible executive directors and employees of the Company and its subsidiary companies (excluding subsidiaries which are dormant) who fulfil the eligibility criteria.

Bursa Securities had approved the Proposed LTIP via its letter dated 12 July 2024.

The Company’s shareholders approved the establishment of the Proposed LTIP at an extraordinary general meeting held on 29 August 2024.

The LTIP has not been implemented as at the date of this report.

(iii) Disposal of 51% Equity Interest in CLT Engineering Sdn. Bhd. (“CLT”)

On 4 November 2024, on behalf of the Board of Directors of the Company, TA Securities Holdings Berhad announced that the Company had on the same date entered into a conditional share sale agreement with Tan Moon Teik (“Purchaser”) in relation to the proposed disposal of 6,183,750 ordinary shares in CLT, representing 51% equity interest in CLT to Purchaser for a total disposal consideration of RM21,627,559 to be settled via cash.

As of the date of this report, there is no further updates since the initial announcement made on 4 November 2024.

19. BORROWINGS

Details of the Group's borrowings as at 30 September 2024 are as follows:

	Current RM'000	Non-current RM'000
Unsecured: Hire purchase	3,139	3,684
Secured: Term loan	884	3,731
Trade bills	25,233	-
	<u>29,256</u>	<u>7,415</u>

All borrowings are denominated in Ringgit Malaysia.

20. FINANCIAL INSTRUMENTS

Derivatives

As at 30 September 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	6,625	6,843	(218)

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 period.

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

	RM'000	Date of payment
In respect of the financial period ended 30 June 2024:		
- An interim single-tier dividend of 2.0 sen per ordinary share	15,698	4.10.2024

The Board of Directors does not recommend the payment of interim dividend for the financial period ended 30 September 2024.

23. EARNINGS PER SHARE

(i) Basic earnings per share

	Current Year Quarter 30.09.2024 RM' 000	Current Year To-date 30.09.2024 RM' 000
Net Profit attributable to equity holders of the parent	4,768	4,768
Weighted average number of ordinary shares in issue ('000)	777,125	777,125
Basic earnings per share (sen)	0.61	0.61

(ii) Diluted earnings per share

The diluted earnings per share is equal to the basic earnings per share as there is no dilutive potential ordinary shares.

24. PROFIT BEFORE TAXATION

	Current Year Quarter 30.09.2024 RM' 000	Current Year To-date 30.09.2024 RM' 000
Profit before taxation is arrived after charging/(crediting):		
Depreciation of property, plant and equipment	1,696	1,696
Fair value gain on short-term investments	(759)	(759)
Net derivatives loss/(gain):		
- Realised	(510)	(510)
- Unrealised	218	218
Net foreign exchange loss/(gain):		
- Realised	1,309	1,309
- Unrealised	(420)	(420)
Interest income	(418)	(418)
Interest expense	372	372