



(Incorporated in Malaysia)

Interim Report for the

Third Quarter Ended

31 December 2019

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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 31/12/2019 RM'000	Preceding Year Corresponding Quarter 31/12/2018 RM'000	Current Year To-date 31/12/2019 RM'000	Preceding Year Corresponding Period 31/12/2018 RM'000
Revenue		40,109	34,519	72,012	82,804
Cost of sales		(28,401)	(25,985)	(55,055)	(63,968)
Gross profit		11,708	8,534	16,957	18,836
Interest income		19	38	90	110
Other operating income		575	741	2,978	3,476
Distribution expenses		(727)	(741)	(2,292)	(1,687)
Administrative expenses		(1,764)	(1,839)	(4,908)	(4,565)
Other operating expenses		(1,486)	(1,105)	(3,149)	(2,489)
Depreciation and amortisation		(587)	(595)	(1,756)	(1,780)
Profit from operations		7,738	5,033	7,920	11,901
Finance costs		(232)	(266)	(738)	(849)
Net gain/(loss) on financial assets and financial liabilities at fair value		617	289	234	(1,270)
Profit before taxation		8,123	5,056	7,416	9,782
Taxation	18	(38)	(38)	(113)	(113)
Profit for the financial period		8,085	5,018	7,303	9,669
Other comprehensive expense					
Foreign currency translation differences of foreign operations		141	-	(12)	(408)
Total comprehensive income for the financial period		8,226	5,018	7,291	9,261
Profit/(Loss) attributable to:					
Equity holders of the parent		8,446	4,991	7,655	9,346
Non-controlling interest		(361)	27	(352)	323
Profit for the financial period		8,085	5,018	7,303	9,669
Total comprehensive income attributable to:					
Equity holders of the parent		8,587	4,991	7,643	8,938
Non-controlling interest		(361)	27	(352)	323
Total comprehensive income for the financial period		8,226	5,018	7,291	9,261
Earning/(Loss) per share (sen) :-	25				
(a) Basic		19.97	12.42	18.10	23.26
(b) Fully diluted		19.87	12.26	18.01	22.95

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 31/12/2019 RM'000	(Audited) As at preceding financial year ended 31/03/2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	34,403	35,355
Intangible assets	10,560	10,560
Deferred tax assets	2,127	2,127
	47,090	48,042
Current assets		
Inventories	5,349	7,313
Trade receivables	45,992	43,235
Other receivables	1,379	4,368
Current tax asset	394	1,093
Derivative financial assets	234	-
Other investment	6,359	1,542
Cash and cash equivalents	16,251	13,986
	75,958	71,537
TOTAL ASSETS	123,048	119,579
EQUITY AND LIABILITIES		
Share capital	63,058	63,016
Reserves	20,065	12,438
Equity attributable to equity holders of the parent	83,123	75,454
Non-controlling interest	7,059	7,904
Total equity	90,182	83,358
Non-current liabilities		
Hire purchase liabilities	529	820
Borrowings	8,169	8,992
Deferred tax liability	1,366	1,366
	10,064	11,178
Current liabilities		
Trade payables	7,751	9,630
Other payables	7,670	7,843
Derivative financial liabilities	-	409
Borrowings	6,997	6,791
Hire purchase liabilities	384	370
	22,802	25,043
TOTAL EQUITY AND LIABILITIES	123,048	119,579
Net assets per share (RM)*	1.97	1.79

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<u>Non Distributable</u>			<u>Distributable</u>		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	Total RM'000		
<u>9 months ended 31 December 2018</u>							
Balance at 1 April 2018	58,442	2,791	(912)	8,982	69,303	8,153	77,456
Foreign currency translation	-	-	(408)	-	(408)	-	(408)
Share options exercised	3,714	(1,391)	-	-	2,323	-	2,323
Dividends paid to owners of the Company	-	-	-	(1,006)	(1,006)	-	(1,006)
Dividends paid by a subsidiary to non-controlling interest	-	-	-	-	-	(493)	(493)
Profit for the financial year	-	-	-	9,346	9,346	323	9,669
Balance at 31 December 2018	62,156	1,400	(1,320)	17,322	79,558	7,983	87,541
<u>9 months ended 31 December 2019</u>							
Balance at 1 April 2019	63,016	1,050	(1,176)	12,564	75,454	7,904	83,358
Foreign currency translation	-	-	(12)	-	(12)	-	(12)
Share options exercised	42	(16)	-	-	26	-	26
Dividend by a subsidiary to non-controlling interest	-	-	-	-	-	(493)	(493)
Profit for the financial year	-	-	-	7,655	7,655	(352)	7,303
Balance at 31 December 2019	63,058	1,034	(1,188)	20,219	83,123	7,059	90,182

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 2019 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2019

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 9 months ended 31/12/2019 RM'000	(Audited) 9 months ended 31/12/2018 RM'000
Operating Activities		
Net profit before tax	7,416	9,782
Adjustment for :-		
Bad debts recovered	(7)	(65)
Depreciation and amortisation	1,756	1,781
(Gain)/Loss on disposal of property, plant and equipment	(3)	(42)
Property, plant and equipment written off	-	2
Interest costs	738	849
Interest income	(90)	(110)
Change in fair value of other investment	(317)	(178)
Unrealised derivative (gain)/ loss	(234)	1,270
Unrealised foreign exchange (gain)/loss	743	130
	<hr/>	<hr/>
Operating profit before changes in working capital	10,002	13,419
Changes in working capital		
Inventories	1,964	9,978
Trade and other receivables	(512)	(21,825)
Trade and other payables	(2,455)	567
	<hr/>	<hr/>
Net cash generated from operations	8,999	2,139
Income tax paid	(158)	(181)
Tax refund	744	97
	<hr/>	<hr/>
Net cash generated from operating activities	9,585	2,055
Investing Activities		
Interest received	90	110
Proceeds from disposal of property, plant and equipment	146	117
Purchase of property, plant and equipment	(946)	(1,099)
Proceeds from issuance of shares	26	2,322
Placement of other investment	(4,500)	1,000
	<hr/>	<hr/>
Net cash (used in)/from investing activities	(5,184)	2,450
	<hr/>	<hr/>
Cash flow from financing activities		
Dividends paid to owners of the Company	-	(1,006)
Dividends paid to non-controlling interest	(493)	(493)
Net (repayment)/drawdown of bank borrowings	151	(2,392)
Net repayment of term loan	(769)	(717)
Net (repayment)/drawdown of hire purchase liabilities	(275)	(364)
Interest paid	(738)	(849)
	<hr/>	<hr/>
Net cash (used in)/from financing activities	(2,124)	(5,821)
	<hr/>	<hr/>
Net change in cash and cash equivalents	2,277	(1,316)
Effect of exchange rate changes	(12)	(408)
Cash and cash equivalents at beginning of year	13,986	16,119
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<u>16,251</u>	<u>14,395</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>16,251</u>	<u>14,395</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 2019 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT

The figures have not been audited

1. BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Malaysia Financial Reporting Standard ("MFRS"), MFRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial report should be read in conjunction with the audited financial statements of Genetec Technology Berhad ("Genetec" or the "Company") for the financial year ended 31 March 2019. 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 2019.

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 2019.

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group:-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employment Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*

The initial application of the applicable accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group except as mentioned below:

MFRS 16, Leases

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases - Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

Based on the assessments undertaken to date, the Group does not expect that the application of MFRS 16 will have significant impact on its interim financial statements.

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 2019.

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 2019.

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 customised factory automation equipment and integrated vision inspection 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 2019 and up to the date of this report.

13. CAPITAL COMMITMENTS

There was no capital commitment for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2019.

14. REVIEW OF PERFORMANCE

For the current quarter ended 31 December 2019, the Group recorded a revenue of RM40.1 million, an increase of 16.2% or RM5.6 million as compared to a revenue of RM34.5 million recorded in the preceding corresponding quarter ended 31 December 2018.

The Group recorded a net profit before tax of RM8.1 million for the current quarter under review as compared to a net profit before tax of RM5.0 million in the preceding corresponding quarter ended 31 December 2018. The increase in net profit before tax was mainly attributable to higher sales volume achieved and improved operational efficiency.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group increased by 176.6% to RM40.1 million for the current quarter under review as compared to RM14.5 million recorded in the immediate preceding quarter ended 30 September 2019. The Group recorded a profit before tax of RM8.1 million as compared to a loss before tax of RM0.2 million for the immediate preceding quarter mainly due to higher sales volume achieved and improved operational efficiency.

16. PROSPECTS

The Group will continue to explore and assess other viable business and investment opportunities. With the existing on-going projects and secured orders, the Board of Directors anticipate that the Group will achieve satisfactory performance for the current financial year.

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 31.12.2019 RM'000	Preceding Year Corresponding Quarter 31.12.2018 RM'000	Current Period To- Date 31.12.2019 RM'000	Preceding Year Corresponding Period 31.12.2018 RM'000
Malaysia income tax:				
- current taxation	38	38	113	113

The effective tax rate of the Group for the financial period ended 31 December 2019 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

19. STATUS OF CORPORATE PROPOSAL

There are no outstanding corporate proposals at the date of this report.

20. BORROWINGS

Details of the Group's borrowings as at 31 December 2019 are as follows:

Current	RM'000
Unsecured: Hire purchase	384
Secured: Term loan	1,080
Trade bills	5,917
	<u>7,381</u>
Non-current	RM'000
Unsecured: Hire purchase	529
Secured: Term loan	8,169
	<u>8,698</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 31 December 2019, 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	19,471	19,237	234

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 2019.

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 December 2019 and 30 September 2019 into realised and unrealised profits are as follows:

	As at 31.12.2019 RM'000	As at 30.09.2019 RM'000
Total retained profits of the Group:		
- Realised	16,253	7,869
- Unrealised	251	550
	<hr/> 16,504	<hr/> 8,419
Consolidation adjustments	3,715	3,355
	<hr/>	<hr/>
Total retained profits as per statement of financial position	20,219	11,774

25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.19 RM' 000	Preceding Year Corresponding Quarter 31.12.18 RM' 000	Current Year To-date 31.12.19 RM' 000	Preceding Year Corresponding Period 31.12.18 RM' 000
Basic earnings/(loss) per share EPS/(LPS)				
Net profit/(loss) attributable to equity holders of the parent	8,446	4,991	7,655	9,346
Weighted average number of ordinary shares in issue ('000)	42,287	40,180	42,287	40,180
Basic EPS/(LPS) (sen)	19.97	12.42	18.10	23.26
Diluted earnings/(loss) per share EPS/(LPS)				
Net profit/(loss) attributable to equity holders of the parent	8,446	4,991	7,655	9,346
Weighted average number of ordinary shares in issue ('000)	42,512	40,715	42,512	40,715
Diluted EPS/(LPS) (sen)	19.87	12.26	18.01	22.95