



GENETEC TECHNOLOGY BERHAD

Company No.:199701030038 (445537-W)

(Incorporated in Malaysia)

Interim Report for the

Third Quarter Ended

31 December 2020

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The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/12/2020 RM'000	Preceding Year Corresponding Quarter 31/12/2019 RM'000	Current Year To-date 31/12/2020 RM'000	Preceding Year Corresponding Period 31/12/2019 RM'000
Revenue	32,911	40,109	84,012	72,012
Cost of sales	(27,371)	(28,401)	(67,963)	(55,055)
Gross profit	5,540	11,708	16,049	16,957
Interest income	7	19	36	90
Other operating income	535	575	3,922	2,978
Distribution expenses	(1,638)	(727)	(5,676)	(2,292)
Administrative expenses	(1,384)	(1,764)	(4,827)	(4,908)
Other operating expenses	(1,722)	(1,486)	(5,840)	(3,149)
Depreciation and amortisation	(668)	(587)	(1,954)	(1,756)
Profit from operations	670	7,738	1,710	7,920
Finance costs	(230)	(232)	(661)	(738)
Net gain/(loss) on financial assets and financial liabilities	400	617	687	234
Profit before taxation	840	8,123	1,736	7,416
Taxation	(38)	(38)	(113)	(113)
Profit for the financial period	802	8,085	1,623	7,303
Other comprehensive income/(expense)				
Foreign currency translation differences of foreign operations	207	141	443	(12)
Total comprehensive income for the financial period	1,009	8,226	2,066	7,291
Profit/(Loss) attributable to:				
Equity holders of the parent	889	8,446	1,439	7,655
Non-controlling interest	(87)	(361)	184	(352)
Profit for the financial period	802	8,085	1,623	7,303
Total comprehensive income/(expense) attributable to:				
Equity holders of the parent	1,096	8,587	1,882	7,643
Non-controlling interest	(87)	(361)	184	(352)
Total comprehensive income for the financial period	1,009	8,226	2,066	7,291
Earning/(Loss) per share (sen) :-				
(a) Basic	2.06	19.97	3.34	18.10
(b) Fully diluted	2.06	19.87	3.34	18.01

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 31/12/2020 RM'000	(Audited) As at preceding financial year ended 31/03/2020 RM'000
<u>Note</u>		
ASSETS		
Non-current assets		
Property, plant and equipment	34,968	34,115
Right-of-use assets	142	255
Intangible assets	5,060	5,060
Deferred tax assets	2,490	2,490
	42,660	41,920
Current assets		
Inventories	5,956	11,589
Trade receivables	31,394	39,926
Other receivables	1,789	4,005
Derivative financial assets	687	-
Current tax asset	198	175
Other investment	9,525	5,389
Cash and cash equivalents	29,772	15,688
	79,321	76,772
TOTAL ASSETS	121,981	118,692
EQUITY AND LIABILITIES		
Share capital	65,760	63,171
Reserves	12,855	11,943
Equity attributable to equity holders of the parent	78,615	75,114
Non-controlling interest	6,725	6,541
Total equity	85,340	81,655
Non-current liabilities		
Borrowings	20 6,966	7,881
Hire purchase liabilities	20 1,574	1,062
Lease liabilities	106	128
Deferred tax liability	1,128	1,128
	9,774	10,199
Current liabilities		
Borrowings	20 11,786	5,871
Hire purchase liabilities	20 688	533
Lease liabilities	46	135
Derivative financial liabilities	-	1,335
Trade payables	7,276	10,235
Other payables	7,071	8,729
	26,867	26,838
TOTAL EQUITY AND LIABILITIES	121,981	118,692
Net assets per share (RM)*	1.79	1.77

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 2020 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		Translation Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
	Share Capital RM'000	Share Option Reserve RM'000					
9 months ended 31 December 2019							
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
9 months ended 31 December 2020							
Balance at 1 April 2020	63,171	990	(1,447)	12,400	75,114	6,541	81,655
Foreign currency translation	-	-	443	-	443	-	443
Share options exercised	2,589	(970)	-	-	1,619	-	1,619
Share options forfeited	-	(20)	-	20	-	-	-
Profit for the financial year	-	-	-	1,439	1,439	184	1,623
Balance at 31 December 2020	65,760	-	(1,004)	13,859	78,615	6,725	85,340

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 2020 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 2020

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 9 months ended 31/12/2020 RM'000	(Audited) 9 months ended 31/12/2019 RM'000
Operating Activities		
Profit before tax	1,736	7,416
Adjustment for :-		
Depreciation of property, plant and equipment	1,841	1,756
Depreciation of right-of-use assets	113	-
Gain on disposal of property, plant and equipment	(13)	(3)
Interest costs	661	738
Interest income	(36)	(90)
Change in fair value of other investment	(136)	(317)
Reversal of impairment loss on trade receivables	(280)	(7)
Unrealised derivative gain	(687)	(234)
Unrealised foreign exchange loss	917	743
	<hr/>	<hr/>
Operating profit/(loss) before changes in working capital	4,116	10,002
Changes in working capital		
Inventories	5,633	1,964
Trade and other receivables	10,104	(512)
Trade and other payables	(5,947)	(2,455)
	<hr/>	<hr/>
Net cash generated from operating activities	13,906	8,999
Income tax paid	(135)	(158)
Tax refund	-	744
	<hr/>	<hr/>
Net cash generated from operating activities	13,771	9,585
Investing Activities		
Interest received	36	90
Proceeds from disposal of property, plant and equipment	25	146
Purchase of property, plant and equipment	(2,706)	(946)
Proceeds from issuance of shares	1,619	26
Placement of other investment	(4,000)	(4,500)
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(5,026)	(5,184)
Financing Activities		
Dividends paid to non-controlling interest	-	(493)
Net (repayment)/drawdown of bank borrowings	5,845	151
Net repayment of term loan	(844)	(769)
Net (repayment)/drawdown of hire purchase liabilities	667	(275)
Payment of lease liabilities	(111)	-
Interest paid	(661)	(738)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	4,896	(2,124)
	<hr/>	<hr/>
Net change in cash and cash equivalents	13,641	2,277
Effect of exchange rate changes	443	(12)
Cash and cash equivalents at beginning of year	15,688	13,986
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	<u>29,772</u>	<u>16,251</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>29,772</u>	<u>16,251</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 2020 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 2020. 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 2020.

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 2020.

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 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*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

Annual Improvements to MFRS Standards 2018 - 2020:

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
- Amendments to MFRS 9, *Financial Instruments*

- Amendments to Illustrative Examples accompanying MFRS 16, *Leases*
- Amendments to MFRS 141, *Agriculture*

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 2021 as it is not applicable to the Group and the Company.

The initial application of the above-mentioned 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 2020.

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 2020.

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 2020 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 2020.

14. REVIEW OF PERFORMANCE

For the current quarter ended 31 December 2020, the Group recorded a revenue of RM32.9 million, a decrease of 18.0% or RM7.2 million as compared to the revenue of RM40.1 million recorded in the preceding corresponding quarter ended 31 December 2019.

The Group recorded a net profit before tax of RM0.8 million for the current quarter under review as compared to a net profit before tax of RM8.1 million in the preceding corresponding quarter ended 31 December 2019. The decrease in net profit before tax was mainly attributed to lower sales volume achieved, lower margin in product mix, higher operating cost incurred and a loss on foreign exchange.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group decreased by 15.0% to RM32.9 million for the current quarter under review as compared to RM38.7 million recorded in the immediate preceding quarter ended 30 September 2020. The Group recorded a net profit before tax of RM0.8 million as compared to a net profit before tax of RM2.7 million for the immediate preceding quarter mainly due to lower sales volume achieved.

16. PROSPECT

As the Covid-19 pandemic continues to evolve, the global economic recovery is still uncertain. The overall operating environment for the Group remains challenging and will likely impact our results for the rest of the current financial year.

Despite this gloomy outlook, the Group anticipates that the growing trend for Electric Vehicles "EV" segment will accelerate and the Group will possibly benefit from the global radical shift of demand for EV. The Group believes with its favourable positioning in the EV market segment and with its involvement in developing its systems and technologies together with its clients. The Group will be able to expand its market share and likely stand it in a good stead to seize long-term growth opportunities in this segment.

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 31.12.2020 RM'000	Preceding Year Corresponding Quarter 31.12.2019 RM'000	Current Period To- Date 31.12.2020 RM'000	Preceding Year Corresponding Period 31.12.2019 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 2020 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 2020 are as follows:

Current	RM'000
Unsecured: Hire purchase	688
Secured: Term loan	1,172
Trade bills	10,614
	<u>12,474</u>
Non-current	RM'000
Unsecured: Hire purchase	1,574
Secured: Term loan	6,966
	<u>8,540</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 31 December 2020, 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	17,960	17,273	687

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 2020.

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

The breakdown of the retained profits of the Group as at 31 December 2020 and 30 September 2020 into realised and unrealised profits are as follows:

	As at 31.12.2020 RM'000	As at 30.09.2020 RM'000
Total retained profits of the Group:		
- Realised	3,457	3,227
- Unrealised	1,131	558
	<hr/> 4,588	<hr/> 3,785
 Consolidation adjustments	 9,271	 9,184
	<hr/>	<hr/>
Total retained profits as per statement of financial position	13,859	12,969
	<hr/> <hr/>	<hr/> <hr/>

25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	31.12.2020 RM' 000	31.12.2019 RM' 000	31.12.2020 RM' 000	31.12.2019 RM' 000
Basic earnings per share EPS				
Net profit attributable to equity holders of the parent	889	8,446	1,439	7,655
Weighted average number of ordinary shares in issue ('000)	43,126	42,287	43,126	42,287
Basic EPS (sen)	2.06	19.97	3.34	18.10
Diluted earnings per share EPS				
Net profit attributable to equity holders of the parent	889	8,446	1,439	7,655
Weighted average number of ordinary shares in issue ('000)	43,126	42,512	43,126	42,512
Diluted EPS (sen)	2.06	19.87	3.34	18.01