



(Incorporated in Malaysia)

Interim Report for the
Second Quarter Ended
30 September 2014

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 Condensed Financial Statements	5 - 12

GENETEC TECHNOLOGY BERHAD (445537-W)
 INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year	Preceding Year	Current Year	Preceding Year
		Quarter	Corresponding	To-date	Corresponding
		30/09/2014	Quarter	Period	
		RM'000	30/09/2013	30/09/2014	30/09/2013
		RM'000	RM'000	RM'000	RM'000
Revenue		27,457	33,643	58,114	73,417
Cost of sales		(24,364)	(29,064)	(51,958)	(63,015)
Gross profit		3,093	4,579	6,156	10,402
Interest income		17	37	28	68
Other operating income		1,224	352	1,718	926
Distribution expenses		(496)	(701)	(894)	(1,235)
Administrative expenses		(1,266)	(1,474)	(2,409)	(2,915)
Other operating expenses		(62)	(123)	(432)	(309)
Depreciation and amortisation		(714)	(794)	(1,557)	(1,584)
Profit from operations		1,796	1,876	2,610	5,353
Finance costs		(581)	(645)	(1,103)	(1,328)
Net loss on financial assets and financial liabilities at fair value		(485)	(332)	(234)	(836)
Profit before taxation		730	899	1,273	3,189
Taxation	18	(48)	(88)	(86)	(176)
Profit from continuing operations		682	811	1,187	3,013
Profit from discontinued operation, net of tax		-	(17)	-	29
Profit for the financial period		682	794	1,187	3,042
Other comprehensive income					
Foreign currency translation differences of foreign operations		(113)	1,227	(31)	(878)
Total comprehensive income for the financial period		569	2,021	1,156	2,164
Profit attributable to:					
Equity holders of the parent		577	1,046	998	3,695
Non-controlling interest		105	(252)	189	(653)
Profit for the financial period		682	794	1,187	3,042
Total comprehensive income attributable to:					
Equity holders of the parent		464	2,273	967	2,817
Non-controlling interest		105	(252)	189	(653)
Total comprehensive income for the financial period		569	2,021	1,156	2,164
Earning per share (sen) :-	25				
(a) Basic		0.16	0.30	0.28	1.05
(b) Fully diluted		N/A	N/A	N/A	N/A

Note N/A : Not Applicable

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 30/09/2014 RM'000	(Audited) As at preceding financial year ended 31/03/2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,959	45,437
Investment in associate company	-	179
Intangible assets	20,560	20,560
	64,519	66,176
Current assets		
Inventories	15,194	14,038
Trade receivables	15,880	19,453
Other receivables	3,703	5,881
Current tax asset	675	505
Cash and cash equivalents	20,956	6,313
	56,408	46,190
Assets of disposal groups held for sale	22 -	-
TOTAL ASSETS	120,927	112,366
EQUITY AND LIABILITIES		
Share capital	35,174	35,174
Reserves	19,371	18,404
Equity attributable to equity holders of the parent	54,545	53,578
Non-controlling interest	3,755	(995)
Total equity	58,300	52,583
Non-current liabilities		
Hire purchase liabilities	20 745	1,800
Borrowings	20 14,505	5,499
Deferred tax liability	558	558
Current liabilities		
Trade payables	13,926	9,592
Other payables	5,634	11,042
Amount due to associate company	-	170
Amount due to related companies	122	521
Derivative liabilities	21 234	180
Borrowings	20 20,589	23,921
Hire purchase liabilities	20 1,374	1,579
	41,879	47,005
Liabilities of disposal groups held for sale	22 4,940	4,921
	120,927	112,366
Net assets per share (RM)*	0.16	0.15

Note:

* Net assets per share attributable to shareholders of the Company : Equity attributable to equity holders of the parent /Number of issued and paid-up ordinary 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 2014 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
 INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014

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 Premium RM'000					
6 months ended 30 September 2013							
Balance at 1 April 2013	35,174	18,379	(44)	(6,520)	46,989	1,016	48,005
Total comprehensive income for the period	-	-	(878)	3,695	2,817	(653)	2,164
Balance at 30 September 2013	35,174	18,379	(922)	(2,825)	49,806	363	50,169
6 months ended 30 September 2014							
Balance at 1 April 2014	35,174	18,379	(459)	484	53,578	(995)	52,583
Effect of MFRS 10	-	-	-	-	-	100	100
Increase in investment by non-controlling interest	-	-	-	-	-	4,461	4,461
Total comprehensive income for the period	-	-	(31)	998	967	189	1,156
Balance at 30 September 2014	35,174	18,379	(490)	1,482	54,545	3,755	58,300

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 2014 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 6 months ended 30/09/2014 RM'000	(Unaudited) 6 months ended 30/09/2013 RM'000
Operating Activities		
Net profit before tax		
- continued operations	1,273	3,189
- discontinued operations	-	29
	<u>1,273</u>	<u>3,218</u>
Adjustment for :-		
Depreciation and amortisation	1,557	1,692
Loss on disposal of property, plant and equipment	42	-
Inventories written off	1,450	-
Interest costs	1,103	1,547
Interest income	(28)	(68)
Unrealised derivative loss	234	836
Unrealised foreign exchange gain	(108)	(94)
	<u>5,523</u>	<u>7,131</u>
Operating profit before changes in working capital	5,523	7,131
Changes in working capital		
Inventories	(2,606)	8,748
Trade and other receivables	5,859	(4,712)
Trade and other payables	(1,637)	(4,723)
	<u>1,616</u>	<u>(707)</u>
Net cash generated from operating activities	7,139	6,444
Income tax paid	(256)	(386)
	<u>6,883</u>	<u>6,058</u>
Net cash generated from operating activities	6,883	6,058
Investing Activities		
Increase investment in subsidiary by non-controlling interest	4,410	-
Increase investment in associate by non-controlling interest	51	-
Interest received	28	68
Proceeds from disposal of property, plant and equipment	152	838
Purchase of property, plant and equipment	(233)	(269)
	<u>4,408</u>	<u>637</u>
Net cash generated from investing activities	4,408	637
Financing Activities		
Net drawdown of bank borrowings	7,210	520
Net repayment of term loan	(2,199)	(2,240)
Net repayment of hire purchase liabilities	(1,260)	(819)
Interest paid	(1,103)	(1,547)
	<u>2,648</u>	<u>(4,086)</u>
Net cash generated from/(used in) financing activities	2,648	(4,086)
Net change in cash and cash equivalents	13,939	2,609
Effect of exchange rate fluctuation on cash held	228	(420)
Cash and cash equivalents at beginning of year	6,313	11,930
	<u>20,480</u>	<u>14,119</u>
Cash and cash equivalents at end of period/year	20,480	14,119
Cash and cash equivalent comprise of:-		
Continuing operation		
Deposit with licensed bank	92	2,089
Cash and bank balances	20,864	12,792
Bank overdraft	(476)	(887)
	<u>20,480</u>	<u>13,994</u>
Discontinued operation		
Cash and bank balances	-	125
	<u>20,480</u>	<u>14,119</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 2014 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") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Appendix 9B 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 2014. 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 2014.

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 2014.

The following MFRSs issued by the MASB have been adopted by the Group during the current period:-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, Consolidated Financial Statements: Investment Entities
- Amendments to MFRS 12, Disclosure of Interests in Other Entities: Investment Entities
- Amendments to MFRS 127, Separate Financial Statements (2011): Investment Entities
- Amendments to MFRS 132, Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Asset
- Amendments to MFRS 139, Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvement 2011-2013 Cycle)
- Amendments to MFRS 2, Share-based Payments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 3, Business Combinations (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 8, Operating Segments (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 13, Fair Value Measurement (Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 119, Employee Benefits – Defined Benefit Plans: Employee Contributions

- Amendments to MFRS 124, Related Party Disclosures (Annual Improvements 2010-2012 Cycle)
- Amendments to MFRS 138, Intangible Assets (Annual Improvements 2010-2012 Cycle)

The adoption of the above new standards and amendments which are issued and effective for periods beginning on or after 1 January 2014 do not have any material financial impacts to the current and prior periods financial statements of the Group.

2. AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications on the annual financial statements of the Company and its subsidiaries for the financial year ended 31 March 2014.

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 were no items or events that arose, 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 were no material changes in the nature and amount of estimates reported that have had a material effect on the results for the current quarter under review.

6. ISSUANCES, CANCELLATIONS, REPURCHASES, REALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter.

7. DIVIDEND PAID

There was no dividend 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 were no contingent liabilities or contingent assets as at 30 September 2014 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 30 September 2014.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 September 2014, the Group recorded revenue of RM27.5 million, a decrease of 18.4% over the corresponding quarter ended 30 September 2013 of RM33.6 million. As for the financial period to date, the Group's revenue for the financial period to date decreased by RM15.3 million (20.8%) as compared to the preceding year corresponding period.

The Group registered profit before taxation of RM0.7 million for the current quarter under review as compared to RM0.9 million in the preceding year corresponding quarter. For the six 6-months period, the profit before taxation decreased by RM1.9 million (60.1%) as compared to the preceding year corresponding period. The decrease in profit before taxation was mainly caused by lower sales volume achieved.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved revenue of RM27.5 million for the current quarter under review, a decrease of 10.4% as compared to RM30.7 million recorded in the immediate preceding quarter ended 30 June 2014. However, the pretax profit has increased from RM0.5 million for the immediate preceding quarter ended 30 June 2014 to RM0.7 million for the current quarter under review which was mainly due to RM1.5 million inventories written off in the immediate preceding quarter.

16. PROSPECTS

With the strong projects secured in hand, the Directors of the Group anticipate better performance to be achieved in the second half of the 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 30.09.2014 RM'000	Preceding Year Corresponding Quarter 30.09.2013 RM'000	Current Period To- Date 30.09.2014 RM'000	Preceding Year Corresponding Period 30.09.2013 RM'000
Malaysia income tax:				
- current taxation	48	88	86	176

The effective tax rate of the Group for the financial period ended 30 September 2014 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 30 September 2014 are as follows:

Current	RM'000
Unsecured: Hire purchase	1,374
Secured: Term loan	1,777
Trade bills	18,812
	<u>21,963</u>
Non-current	RM'000
Unsecured: Hire purchase	745
Secured: Term loan	14,505
	<u>15,250</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 30 September 2014, 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	13,708	13,942	234

All derivative financial instruments held by the Group will be recognized as assets or liabilities in the balance sheets, 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. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Any gains or losses from changes in fair value of the derivatives financial instruments will be recognized in profit and loss.

22. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

As at 30 September 2014, the assets and liabilities related to USA subsidiaries have been presented in the statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale", and its results are presented separately on the statement of profit or loss and other comprehensive income as "profit from discontinued operation, net of tax".

Statement of financial position disclosure

The major classes of assets and liabilities of USA Subsidiaries classified as held for sale as at 30 September 2014 are as follows:

Assets:	Group RM'000
Assets of disposal group classified as held for sale	-
Liabilities:	
Long term borrowings	(3,025)
Short term borrowings	(535)
Trade and other payables	<u>(1,380)</u>
Liabilities of disposal group classified as held for sale	<u>(4,940)</u>
Net liabilities of disposal group classified as held for sale	<u>(4,940)</u>

Statement of comprehensive income disclosure

The result of USA Subsidiaries for the period ended 30 September 2014 as follows:

	Group RM'000
Revenue	-
Cost of sales	-
Gross profit	-
Other operating income	-
Selling and distribution expenses	-
Administrative expenses	-
Depreciation and amortisation	-
Other operating expenses	-
Finance costs	-
Profit before tax from discontinued operation	-
Taxation	-
Profit for the period	-

Statement of cash flow disclosure

The cash flows attributable to USA Subsidiaries as at 30 September 2014 as follows:

	Group RM'000
Operating	-
Investing	-
Finance	-
Net cash outflow	-

23. 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.

24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

On 25 March 2010, Bursa Securities issued a directive to all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses at end of the reporting period, into realised and unrealised profits and losses.

On 20 December 2010, Bursa Securities further issued guidance on the disclosure and the format required.

The breakdown of the retained profits of the Group as at 30 June 2014 and 30 September 2014, into realised and unrealised profits, pursuant to the directive is as follows:

	As at 30.06.2014 RM'000	As at 30.09.2014 RM'000
Total retained profits of the Group:		
- Realised	(18,123)	(17,717)
- Unrealised	(439)	(163)
	<hr/>	<hr/>
	(18,562)	(17,880)
Total share of retained profits from an associate		
- Realised	-	-
- Unrealised	-	-
	<hr/>	<hr/>
	(18,562)	(17,880)
Consolidation adjustments	19,468	19,362
	<hr/>	<hr/>
Total retained profits as per statement of financial position	906	1,482
	<hr/>	<hr/>

25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.14 RM' 000	Preceding Year Corresponding Quarter 30.09.13 RM' 000	Current Year To-date 30.09.14 RM' 000	Preceding Year Corresponding Period 30.09.13 RM' 000
Basic earnings per share EPS				
Net profit attributable to shareholders	577	1,046	998	3,695
Weighted average number of ordinary shares in issue	351,738	351,738	351,738	351,738
Basic EPS (sen)	0.16	0.30	0.28	1.05
Diluted earnings per share EPS				
Net profit attributable to shareholders	577	1,046	998	3,695
Weighted average number of ordinary shares in issue	N/A	N/A	N/A	N/A
Diluted EPS (sen)	N/A	N/A	N/A	N/A