



(Incorporated in Malaysia)

Interim Report for the
Second Quarter Ended
30 September 2015

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GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2015

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	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
		30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Revenue		38,778	27,457	92,618	58,114
Cost of sales		(33,463)	(24,364)	(79,610)	(51,958)
Gross profit		5,315	3,093	13,008	6,156
Interest income		33	17	57	28
Other operating income		3,928	1,224	9,576	1,718
Distribution expenses		(754)	(496)	(1,478)	(894)
Administrative expenses		(1,629)	(1,266)	(2,995)	(2,409)
Other operating expenses		(54)	(62)	(112)	(432)
Depreciation and amortisation		(660)	(714)	(1,316)	(1,557)
Profit from operations		6,179	1,796	16,740	2,610
Finance costs		(538)	(581)	(1,166)	(1,103)
Net (loss)/profit on financial assets and financial liabilities at fair value		(1,929)	(485)	(5,893)	(234)
Profit before taxation		3,712	730	9,681	1,273
Taxation	18	(38)	(48)	(76)	(86)
Profit for the financial period		3,674	682	9,605	1,187
Other comprehensive income					
Foreign currency translation differences of foreign operations		(704)	(113)	(830)	(31)
Total comprehensive income for the financial period		2,970	569	8,775	1,156
Profit attributable to:					
Equity holders of the parent		3,156	577	7,659	998
Non-controlling interest		518	105	1,946	189
Profit for the financial period		3,674	682	9,605	1,187
Total comprehensive income attributable to:					
Equity holders of the parent		2,452	464	6,829	967
Non-controlling interest		518	105	1,946	189
Total comprehensive income for the financial period		2,970	569	8,775	1,156
Earning per share (sen) :-	24				
(a) Basic		0.90	0.16	2.18	0.28
(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 2015 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 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter <u>Note</u> 30/09/2015 RM'000	(Audited) As at preceding financial year ended 31/03/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,351	42,117
Intangible assets	20,560	20,560
Deferred tax assets	1,016	1,016
	62,927	63,693
Current assets		
Inventories	9,620	26,730
Trade receivables	40,101	48,154
Other receivables	3,355	3,722
Current tax asset	502	359
Cash and cash equivalents	20,656	19,017
	74,234	97,982
TOTAL ASSETS	137,161	161,675
EQUITY AND LIABILITIES		
Share capital	35,174	35,174
Reserves	29,322	22,493
Equity attributable to equity holders of the parent	64,496	57,667
Non-controlling interest	5,492	3,546
Total equity	69,988	61,213
Non-current liabilities		
Hire purchase liabilities	20 173	96
Borrowings	20 13,058	13,769
Deferred tax liability	187	187
Current liabilities		
Trade payables	21,180	32,831
Other payables	10,024	15,043
Amount due to related companies	718	556
Derivative liabilities	21 5,893	4,652
Borrowings	20 15,426	32,210
Hire purchase liabilities	20 514	1,118
	53,755	86,410
	137,161	161,675
Net assets per share (RM)*	0.18	0.16

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 2015 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 2015

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 Premium RM'000	Translation Reserve RM'000	Retained Profits RM'000			
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
6 months ended 30 September 2015							
Balance at 1 April 2015	35,174	18,379	(827)	4,941	57,667	3,546	61,213
Total comprehensive income for the period	-	-	(830)	7,659	6,829	1,946	8,775
Balance at 30 September 2015	35,174	18,379	(1,657)	12,600	64,496	5,492	69,988

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 2015 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 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 6 months ended 30/09/2015 RM'000	(Unaudited) 6 months ended 30/09/2014 RM'000
Operating Activities		
Net profit before tax	9,681	1,273
Adjustment for :-		
Depreciation and amortisation	1,316	1,557
(Gain)/Loss on disposal of property, plant and equipment	(74)	42
Inventories written off	-	1,450
Interest costs	1,166	1,103
Interest income	(57)	(28)
Unrealised derivative loss	5,893	234
Unrealised foreign exchange gain	(2,868)	(108)
Operating profit before changes in working capital	15,057	5,523
Changes in working capital		
Inventories	17,110	(2,606)
Trade and other receivables	6,635	5,859
Trade and other payables	(16,509)	(1,637)
Net cash generated from operating activities	22,293	7,139
Income tax paid	(217)	(256)
Net cash generated from operating activities	22,076	6,883
Investing Activities		
Increase investment in subsidiary by non-controlling interest	-	4,410
Increase investment in associate by non-controlling interest	-	51
Interest received	57	28
Proceeds from disposal of property, plant and equipment	159	152
Purchase of property, plant and equipment	(411)	(233)
Net cash (used in)/generated from investing activities	(195)	4,408
Financing Activities		
Net (repayment)/drawdown of bank borrowings	(16,820)	7,210
Net repayment of term loan	(679)	(2,199)
Net repayment of hire purchase liabilities	(525)	(1,260)
Interest paid	(1,166)	(1,103)
Net cash (used in)/generated from financing activities	(19,190)	2,648
Net change in cash and cash equivalents	2,691	13,939
Effect of exchange rate fluctuation on cash held	(1,058)	228
Cash and cash equivalents at beginning of year	18,410	6,313
Cash and cash equivalents at end of period/year	20,043	20,480
Cash and cash equivalent comprise of:-		
Deposit with licensed bank	6	92
Cash and bank balances	20,650	20,864
Bank overdraft	(613)	(476)
	20,043	20,480

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2015 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 2015. 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 2015.

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 2015.

The following MFRSs and Interpretations issued by the MASB but have not been adopted by the Group:-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016

- Amendments to MFRS 5, Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 7, Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
- 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
- Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosure Initiative
- Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 119, Employee Benefits (Annual Improvements 2012-2014 Cycle)
- Amendments to MFRS 127, Separate Financial Statements – Equity Method in Separate Financial Statements
- Amendments to MFRS 134, Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 15, Revenue from Contract with Customers

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- MFRS 9, Financial Instruments (2014)

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

- MFRS 9, Financial Instruments
- MFRS 15, Revenue from Contracts with Customers

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9 and MFRS 15.

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 2015.

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

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 were no contingent liabilities or contingent assets as at 30 September 2015 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 2015.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 September 2015, the Group achieved revenue of RM38.8 million, an increase of 41.2% over the corresponding quarter ended 30 September 2014 of RM27.5 million. As for the financial period to date, the Group's revenue has increased by RM34.5 million (59.4%) as compared to the preceding year corresponding period.

The Group recorded profit before taxation of RM3.7 million for the current quarter under review as compared to RM0.7 million in the preceding year corresponding quarter. As for the six months period, the Group registered profit before taxation of RM9.7 million as compared to RM1.3 million in the preceding year corresponding period. The increased in profit before taxation was mainly attributable to higher sales volume achieved and recognition of foreign exchange gain.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved revenue of RM38.8 million for the current quarter under review, a decrease of 28.0% as compared to RM53.8 million recorded in the immediate preceding quarter ended 30 June 2015. In tandem with lower revenue, the pretax profit has decreased from RM6.0 million for the immediate preceding quarter ended 30 June 2015 to RM3.7 million for the current quarter under review.

16. PROSPECTS

In view of the current economic condition, the Directors of the Group anticipate the performance of the remaining quarters to be challenging.

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 30.09.2015 RM'000	Preceding Year Corresponding Quarter 30.09.2014 RM'000	Current Period To- Date 30.09.2015 RM'000	Preceding Year Corresponding Period 30.09.2014 RM'000
Malaysia income tax:				
- current taxation	38	48	76	86

The effective tax rate of the Group for the financial period ended 30 September 2015 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 2015 are as follows:

Current	RM'000
Unsecured: Hire purchase	514
Secured: Term loan	1,413
Trade bills	14,013
	<u>15,940</u>
Non-current	RM'000
Unsecured: Hire purchase	173
Secured: Term loan	13,058
	<u>13,231</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 30 September 2015, 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	43,337	49,230	5,893

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. 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. 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 2015 and 30 September 2015, into realised and unrealised profits, pursuant to the directive is as follows:

	As at 30.06.2015 RM'000	As at 30.09.2015 RM'000
Total retained profits of the Group:		
- Realised	(11,698)	(8,482)
- Unrealised	3,324	3,782
	<hr/> (8,374)	<hr/> (4,700)
Total share of retained profits from an associate		
- Realised	-	-
- Unrealised	-	-
	<hr/> (8,374)	<hr/> (4,700)
Consolidation adjustments	17,818	17,300
	<hr/>	<hr/>
Total retained profits as per statement of financial position	9,444	12,600
	<hr/>	<hr/>

24. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.15 RM' 000	Preceding Year Corresponding Quarter 30.09.14 RM' 000	Current Year To-date 30.09.15 RM' 000	Preceding Year Corresponding Period 30.09.14 RM' 000
Basic earnings per share EPS				
Net profit attributable to shareholders	3,156	577	7,659	998
Weighted average number of ordinary shares in issue	351,738	351,738	351,738	351,738
Basic EPS (sen)	0.90	0.16	2.18	0.28
Diluted earnings per share EPS				
Net profit attributable to shareholders	3,156	577	7,659	998
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