



(Incorporated in Malaysia)

Interim Report for the
Second Quarter Ended
30 September 2016

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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 30/09/2016 RM'000	Preceding Year Corresponding Quarter 30/09/2015 RM'000	Current Year To-date 30/09/2016 RM'000	Preceding Year Corresponding Period 30/09/2015 RM'000
Revenue		16,054	38,778	37,980	92,618
Cost of sales		(13,927)	(33,463)	(33,779)	(79,610)
Gross profit		2,127	5,315	4,201	13,008
Interest income		12	33	34	57
Other operating income		2,623	3,928	5,974	9,576
Distribution expenses		(319)	(754)	(738)	(1,478)
Administrative expenses		(1,265)	(1,629)	(2,702)	(2,995)
Other operating expenses		(1,572)	(54)	(4,761)	(112)
Depreciation and amortisation		(578)	(660)	(1,175)	(1,316)
Profit from operations		1,028	6,179	833	16,740
Finance costs		(288)	(538)	(552)	(1,166)
Net gain/(loss) on financial assets and financial liabilities at fair value		(1,256)	(1,929)	18	(5,893)
(Loss)/Profit before taxation		(516)	3,712	299	9,681
Taxation	18	48	(38)	10	(76)
(Loss)/Profit for the financial period		(468)	3,674	309	9,605
Other comprehensive expense					
Foreign currency translation differences of foreign operations		(134)	(704)	(362)	(830)
Total comprehensive (loss)/income for the financial period		(602)	2,970	(53)	8,775
(Loss)/Profit attributable to:					
Equity holders of the parent		(589)	3,156	336	7,659
Non-controlling interest		121	518	(27)	1,946
(Loss)/Profit for the financial period		(468)	3,674	309	9,605
Total comprehensive income attributable to:					
Equity holders of the parent		(723)	2,452	(26)	6,829
Non-controlling interest		121	518	(27)	1,946
Total comprehensive (loss)/income for the financial period		(602)	2,970	(53)	8,775
(Loss)/Earning per share (sen) :-	24				
(a) Basic		(1.67)	8.97	0.96	21.77
(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 2016 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 30/09/2016 RM'000	(Audited) As at preceding financial year ended 31/03/2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	36,968	40,121
Intangible assets	20,560	20,560
	57,528	60,681
Current assets		
Inventories	1,737	12,282
Trade receivables	15,084	17,497
Other receivables	1,900	1,751
Current tax asset	531	418
Derivative assets	18	1,955
Other investment	6,000	300
Cash and cash equivalents	16,048	8,667
	41,318	42,870
TOTAL ASSETS	98,846	103,551
EQUITY AND LIABILITIES		
Share capital	35,174	35,174
Reserves	26,934	26,960
Equity attributable to equity holders of the parent	62,108	62,134
Non-controlling interest	5,497	5,524
Total equity	67,605	67,658
Non-current liabilities		
Hire purchase liabilities	415	472
Borrowings	11,512	12,291
Deferred tax liability	694	779
	12,621	13,542
Current liabilities		
Trade payables	5,616	10,074
Other payables	7,888	6,995
Borrowings	4,993	5,100
Hire purchase liabilities	123	182
	18,620	22,351
TOTAL EQUITY AND LIABILITIES	98,846	103,551
Net assets per share (RM)*	1.77	1.77

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 2016 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 2016

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 2015							
Balance at 1 April 2015	35,174	18,379	(827)	4,941	57,667	3,546	61,213
Foreign currency translation	-	-	(830)	-	(830)	-	(830)
Profit for the financial period	-	-	-	7,659	7,659	1,946	9,605
Balance at 30 September 2015	35,174	18,379	(1,657)	12,600	64,496	5,492	69,988
6 months ended 30 September 2016							
Balance at 1 April 2016	35,174	18,379	(767)	9,348	62,134	5,524	67,658
Foreign currency translation	-	-	(362)	-	(362)	-	(362)
Profit for the financial period	-	-	-	336	336	(27)	309
Balance at 30 September 2016	35,174	18,379	(1,129)	9,684	62,108	5,497	67,605

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 2016 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 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 6 months ended 30/09/2016 RM'000	(Audited) 6 months ended 30/09/2015 RM'000
Operating Activities		
Net profit before tax	299	9,681
Adjustment for :-		
Depreciation and amortisation	1,175	1,316
Loss/(gain) on disposal of property, plant and equipment	465	(74)
Property, plant and equipment written off	3	
Interest costs	552	1,166
Interest income	(34)	(57)
Unrealised derivative (gain)/loss	(18)	5,893
Unrealised foreign exchange (gain)/loss	(239)	(2,868)
Operating profit before changes in working capital	2,203	15,057
Changes in working capital		
Inventories	10,545	17,110
Trade and other receivables	4,456	6,635
Trade and other payables	(3,565)	(16,509)
Net cash generated from operating activities	13,639	22,293
Income tax paid	(187)	(217)
Net cash generated from operating activities	13,452	22,076
Investing Activities		
Interest received	34	57
Proceeds from disposal of property, plant and equipment	1,509	159
Purchase of property, plant and equipment	(21)	(411)
Placement of other investment	(5,700)	-
Net cash generated from investing activities	(4,178)	(195)
Financing Activities		
Net (repayment)/drawdown of bank borrowings	(156)	(16,820)
Net repayment of term loan	(729)	(679)
Net repayment of hire purchase liabilities	(116)	(525)
Interest paid	(552)	(1,166)
Net cash (used in)/generated from financing activities	(1,553)	(19,190)
Net change in cash and cash equivalents	7,721	2,691
Effect of exchange rate fluctuation on cash held	(340)	(1,058)
Cash and cash equivalents at beginning of year	8,667	18,410
Cash and cash equivalents at end of period/year	16,048	20,043
Cash and cash equivalent comprise of:-		
Deposit with licensed bank	-	6
Cash and bank balances	16,048	20,650
Bank overdraft	-	(613)
	16,048	20,043

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 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 2016. 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 2016.

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 2016.

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

- Amendments to MFRS 107, statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers (Amendments)

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

- MFRS 16, Leases

MFRSs, Interpretations and amendments effective from 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 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 2016

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 2016 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 2016.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 September 2016, the Group recorded a revenue of RM16.1 million, a decrease of 58.6% or RM22.7 million as compared to a revenue of RM38.8 million recorded in the preceding corresponding quarter ended 30 September 2015. The Group recorded a net loss before tax of RM0.5 million for the current quarter under review as compared to a net profit before tax of RM3.7 million in the preceding corresponding quarter ended 30 September 2015. The decrease in net profit before tax was mainly attributable to lower sales volume achieved.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group decreased by 26.8% to RM16.1 million for the current quarter under review as compared to RM21.9 million recorded in the immediate preceding quarter ended 30 June 2016. The Group recorded a net loss before tax of RM0.5 million as compared to a net profit before tax of RM0.8 million for the immediate preceding quarter. This was mainly attributable to lower sales volume achieved.

16. PROSPECTS

In view of the current economic condition, the Directors of the Group anticipate that the performance of the remaining quarters remain 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 30.09.2016 RM'000	Preceding Year Corresponding Quarter 30.09.2015 RM'000	Current Period To- Date 30.09.2016 RM'000	Preceding Year Corresponding Period 30.09.2015 RM'000
Malaysia income tax:				
- current taxation	(48)	38	(10)	76

The effective tax rate of the Group for the financial period ended 30 September 2016 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

19. STATUS OF CORPORATE PROPOSAL

There is no outstanding corporate proposal at the date of this report.

20. BORROWINGS

Details of the Group's borrowings as at 30 September 2016 are as follows:

Current	RM'000
Unsecured: Hire purchase	123
Secured: Term loan	1,526
Trade bills	3,467
	<u>5,116</u>
Non-current	RM'000
Unsecured: Hire purchase	415
Secured: Term loan	11,512
	<u>11,927</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 30 September 2016, 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	7,875	7,857	18

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

The breakdown of the retained profits of the Group as at 30 June 2016 and 30 September 2016 into realised and unrealised profits are as follows:

	As at 30.09.2016 RM'000	As at 30.06.2016 RM'000
Total retained profits of the Group:		
- Realised	(4,284)	(5,699)
- Unrealised	(437)	1,189
	<hr style="width: 100%; border: 0.5px solid black;"/> (4,721)	<hr style="width: 100%; border: 0.5px solid black;"/> (4,510)
 Consolidation adjustments	 14,405	 14,783
	<hr style="width: 100%; border: 0.5px solid black;"/>	<hr style="width: 100%; border: 0.5px solid black;"/>
Total retained profits as per statement of financial position	9,684	10,273
	<hr style="width: 100%; border: 1px solid black;"/>	<hr style="width: 100%; border: 1px solid black;"/>

24. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.16 RM' 000	Preceding Year Corresponding Quarter 30.09.15 RM' 000	Current Year To-date 30.09.16 RM' 000	Preceding Year Corresponding Period 30.09.15 RM' 000
Basic (loss)/earnings per share (LPS)/EPS				
Net (loss)/ profit attributable to shareholders	(589)	3,156	336	7,659
Weighted average number of ordinary shares in issue	35,174	35,174	35,174	35,174
Basic (LPS)/ EPS (sen)	(1.67)	8.97	0.96	21.77
Diluted (loss)/earnings per share (LPS)/EPS				
Net (loss)/profit attributable to shareholders	(589)	3,156	336	7,659
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