



(Incorporated in Malaysia)

Interim Report for the  
Second Quarter Ended  
30 September 2019

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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 30/09/2019 RM'000	Preceding Year Corresponding Quarter 30/09/2018 RM'000	Current Year To-date 30/09/2019 RM'000	Preceding Year Corresponding Period 30/09/2018 RM'000
Revenue	14,483	19,495	31,903	48,285
Cost of sales	(11,738)	(15,956)	(26,654)	(37,983)
Gross profit	2,745	3,539	5,249	10,302
Interest income	23	41	71	72
Other operating income	712	1,490	2,403	2,735
Distribution expenses	(615)	(415)	(1,564)	(947)
Administrative expenses	(1,669)	(1,398)	(3,144)	(2,725)
Other operating expenses	(215)	(495)	(1,663)	(1,384)
Depreciation and amortisation	(644)	(593)	(1,169)	(1,185)
Profit from operations	337	2,169	183	6,868
Finance costs	(258)	(287)	(506)	(583)
Net gain/(loss) on financial assets and financial liabilities at fair value	(273)	(1,043)	(383)	(1,559)
Profit/(Loss) before taxation	(194)	839	(706)	4,726
Taxation	(38)	(37)	(76)	(75)
Profit/(Loss) for the financial period	(232)	802	(782)	4,651
Other comprehensive expense				
Foreign currency translation differences of foreign operations	(80)	(147)	(153)	(408)
Total comprehensive income for the financial period	(312)	655	(935)	4,243
Profit/(Loss) attributable to:				
Equity holders of the parent	166	678	(790)	4,355
Non-controlling interest	(398)	124	8	296
Profit/(Loss) for the financial period	(232)	802	(782)	4,651
Total comprehensive income attributable to:				
Equity holders of the parent	86	531	(943)	3,947
Non-controlling interest	(398)	124	8	296
Total comprehensive income for the financial period	(312)	655	(935)	4,243
Earning/(Loss) per share (sen) :-				
(a) Basic	0.39	1.71	(1.87)	10.99
(b) Fully diluted	0.39	1.69	(1.86)	10.88

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 30/09/2019 RM'000	(Audited) As at preceding financial year ended 31/03/2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	34,928	35,355
Intangible assets	10,560	10,560
Deferred tax assets	2,127	2,127
	47,615	48,042
<b>Current assets</b>		
Inventories	18,726	7,313
Trade receivables	22,625	43,235
Other receivables	1,367	4,368
Current tax asset	379	1,093
Other investment	11,289	1,542
Cash and cash equivalents	14,028	13,986
	68,414	71,537
<b>TOTAL ASSETS</b>	116,029	119,579
<b>EQUITY AND LIABILITIES</b>		
Share capital	63,058	63,016
Reserves	11,479	12,438
<b>Equity attributable to equity holders of the parent</b>	74,537	75,454
Non-controlling interest	7,419	7,904
<b>Total equity</b>	81,956	83,358
<b>Non-current liabilities</b>		
Hire purchase liabilities	20 627	820
Borrowings	20 8,455	8,992
Deferred tax liability	1,366	1,366
	10,448	11,178
<b>Current liabilities</b>		
Trade payables	7,445	9,630
Other payables	6,846	7,843
Derivative financial liabilities	21 383	409
Borrowings	20 8,572	6,791
Hire purchase liabilities	20 379	370
	23,625	25,043
<b>TOTAL EQUITY AND LIABILITIES</b>	116,029	119,579
<b>Net assets per share (RM)*</b>	1.76	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 SECOND QUARTER ENDED 30 SEPTEMBER 2019**

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 Option Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000			
<b>6 months ended 30 September 2018</b>							
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	2,413	(904)	-	-	1,509	-	1,509
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	-	-	-	4,355	4,355	296	4,651
<b>Balance at 30 September 2018</b>	<b>60,855</b>	<b>1,887</b>	<b>(1,320)</b>	<b>12,331</b>	<b>73,753</b>	<b>7,956</b>	<b>81,709</b>
<b>6 months ended 30 September 2019</b>							
Balance at 1 April 2019	63,016	1,050	(1,176)	12,564	75,454	7,904	83,358
Foreign currency translation	-	-	(153)	-	(153)	-	(153)
Share options exercised	42	(16)	-	-	26	-	26
Dividend by a subsidiary to non-controlling interest	-	-	-	-	-	(493)	(493)
Loss for the financial year	-	-	-	(790)	(790)	8	(782)
<b>Balance at 30 September 2019</b>	<b>63,058</b>	<b>1,034</b>	<b>(1,329)</b>	<b>11,774</b>	<b>74,537</b>	<b>7,419</b>	<b>81,956</b>

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 SECOND QUARTER ENDED 30 SEPTEMBER 2019**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>(Unaudited) 6 months ended 30/09/2019 RM'000</b>	<b>(Audited) 6 months ended 30/09/2018 RM'000</b>
<b>Operating Activities</b>		
Net profit/(loss) before tax	(706)	4,726
<b>Adjustment for :-</b>		
Bad debts recovered	6	65
Depreciation and amortisation	1,169	1,185
(Gain)/Loss on disposal of property, plant and equipment	(3)	(6)
Property, plant and equipment written off	-	2
Interest costs	506	583
Interest income	(71)	(72)
Change in fair value of other investment	(246)	(122)
Unrealised derivative (gain)/ loss	383	1,559
Unrealised foreign exchange (gain)/loss	(173)	(483)
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	<b>865</b>	<b>7,437</b>
<b>Changes in working capital</b>		
Inventories	(11,413)	2,254
Trade and other receivables	23,782	(5,465)
Trade and other payables	(3,598)	398
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>9,636</b>	<b>4,624</b>
Income tax paid	(106)	(121)
Tax refund	744	97
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>10,274</b>	<b>4,600</b>
<b>Investing Activities</b>		
Interest received	71	72
Proceeds from disposal of property, plant and equipment	146	6
Purchase of property, plant and equipment	(884)	(987)
Proceeds from issuance of shares	26	1,509
Placement of other investment	(9,500)	(500)
	<hr/>	<hr/>
<b>Net cash generated from investing activities</b>	<b>(10,141)</b>	<b>100</b>
<b>Financing Activities</b>		
Dividends paid to owners of the Company	-	(1,006)
Dividends paid to non-controlling interest	(493)	(493)
Net (repayment)/drawdown of bank borrowings	1,751	(2,543)
Net repayment of term loan	(508)	(474)
Net (repayment)/drawdown of hire purchase liabilities	(182)	(194)
Interest paid	(506)	(583)
	<hr/>	<hr/>
<b>Net cash (used in)/generated from financing activities</b>	<b>62</b>	<b>(5,293)</b>
	<hr/>	<hr/>
Net change in cash and cash equivalents	195	(593)
Effect of exchange rate changes	(153)	(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>14,028</u>	<u>15,118</u>
Cash and cash equivalent comprise of:-		
Cash and bank balances	<u>14,028</u>	<u>15,118</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 30 September 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**

On 28 October 2019, the Company incorporated a wholly-owned subsidiary company in China known as Genetec Technology (Shanghai) Private Limited with a registered capital of RMB2,000,000/- (Renminbi: Two Million only). The principal activity of Genetec Technology (Shanghai) Private Limited is designing, building and servicing of automated assembly system to support China local market.

**12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There was no contingent liabilities or contingent assets as at 30 September 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 30 September 2019.

**14. REVIEW OF PERFORMANCE**

For the current quarter ended 30 September 2019, the Group recorded a revenue of RM14.5 million, a decrease of 25.6% or RM5.0 Million as compared to a revenue of RM19.5 million recorded in the preceding corresponding quarter ended 30 September 2018.

The Group recorded a net loss before tax of RM0.2 million for the current quarter under review as compared to a net profit before tax of RM0.8 million in the preceding corresponding quarter ended 30 September 2018. 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 16.6% to RM14.5 million for the current quarter under review as compared to RM17.4 million recorded in the immediate preceding quarter ended 30 June 2019. Despite lower revenue, the Group merely recorded a net loss before tax of RM0.2 million for the current quarter under review as compared to a net loss before tax of RM0.5 million for the immediate preceding quarter mainly attributable to improved operational efficiency.



**16. PROSPECTS**

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

**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 30.09.2019 RM'000	Preceding Year Corresponding Quarter 30.09.2018 RM'000	Current Period To- Date 30.09.2019 RM'000	Preceding Year Corresponding Period 30.09.2018 RM'000
Malaysia income tax:				
- current taxation	38	37	76	75

The effective tax rate of the Group for the financial period ended 30 September 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 30 September 2019 are as follows:

<b>Current</b>	<b>RM'000</b>
Unsecured: Hire purchase	379
Secured: Term loan	1,054
Trade bills	7,518
	<u>8,951</u>
<b>Non-current</b>	<b>RM'000</b>
Unsecured: Hire purchase	627
Secured: Term loan	8,455
	<u>9,082</u>

## 21. FINANCIAL INSTRUMENTS

### Derivatives

As at 30 September 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	25,995	26,378	(383)

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 period ending 30 September 2019.

## 24. DISCLOSURE OF REALISED AND UNREALISED PROFITS

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

	As at 30.09.2019 RM'000	As at 30.06.2019 RM'000
Total retained profits of the Group:		
- Realised	7,869	8,486
- Unrealised	550	657
	<hr/> 8,419	<hr/> 9,143
Consolidation adjustments	3,355	2,465
	<hr/>	<hr/>
Total retained profits as per statement of financial position	11,774	11,608

## 25. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.19 RM' 000	Preceding Year Corresponding Quarter 30.09.18 RM' 000	Current Year To-date 30.09.19 RM' 000	Preceding Year Corresponding Period 30.09.18 RM' 000
<b>Basic earnings/(loss) per share EPS/(LPS)</b>				
Net profit/(loss) attributable to equity holders of the parent	166	678	(790)	4,355
Weighted average number of ordinary shares in issue ('000)	42,282	39,632	42,282	39,632
Basic EPS/(LPS) (sen)	0.39	1.71	(1.87)	10.99
<b>Diluted earnings/(loss) per share EPS/(LPS)</b>				
Net profit/(loss) attributable to equity holders of the parent	166	678	(790)	4,355
Weighted average number of ordinary shares in issue ('000)	42,469	40,033	42,469	40,033
Diluted EPS/(LPS) (sen)	0.39	1.69	(1.86)	10.88