



(Incorporated in Malaysia)

Interim Report for the
Second Quarter Ended
30 September 2017

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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 30/09/2017 RM'000	Preceding Year Corresponding Quarter 30/09/2016 RM'000	Current Year To-date 30/09/2017 RM'000	Preceding Year Corresponding Period 30/09/2016 RM'000
Revenue		19,467	16,054	44,516	37,980
Cost of sales		(17,429)	(13,927)	(37,195)	(33,779)
Gross profit		2,038	2,127	7,321	4,201
Interest income		28	12	61	34
Other operating income		453	2,623	1,435	5,974
Distribution expenses		(520)	(319)	(1,250)	(738)
Administrative expenses		(1,694)	(1,265)	(3,238)	(2,702)
Other operating expenses		(405)	(1,572)	(1,341)	(4,761)
Depreciation and amortisation		(545)	(578)	(1,083)	(1,175)
(Loss)/Profit from operations		(645)	1,028	1,905	833
Finance costs		(290)	(288)	(547)	(552)
Net gain/(loss) on financial assets and financial liabilities at fair value		404	(1,256)	687	18
(Loss)/Profit before taxation		(531)	(516)	2,045	299
Taxation	18	(38)	48	(76)	10
(Loss)/Profit for the financial period		(569)	(468)	1,969	309
Other comprehensive expense					
Foreign currency translation differences of foreign operations		203	(134)	303	(362)
Total comprehensive (loss)/income for the financial period		(366)	(602)	2,272	(53)
Profit/(Loss) attributable to:					
Equity holders of the parent		(968)	(589)	978	336
Non-controlling interest		399	121	991	(27)
(Loss)/Profit for the financial period		(569)	(468)	1,969	309
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		(765)	(723)	1,281	(26)
Non-controlling interest		399	121	991	(27)
Total comprehensive (loss)/income for the financial period		(366)	(602)	2,272	(53)
Earning/(Loss) per share (sen) :-	24				
(a) Basic		(2.72)	(1.67)	2.75	0.96
(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 2017 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 30/09/2017 RM'000	(Audited) As at preceding financial year ended 31/03/2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	36,340	35,773
Intangible assets	15,560	15,560
	51,900	51,333
Current assets		
Inventories	18,370	6,943
Trade receivables	28,757	25,540
Other receivables	1,572	1,692
Current tax asset	786	736
Derivative assets	687	-
Other investment	6,125	6,125
Cash and cash equivalents	9,124	5,849
	65,421	46,885
TOTAL ASSETS	117,321	98,218
EQUITY AND LIABILITIES		
Share capital	53,902	53,553
Reserves	5,269	3,988
Equity attributable to equity holders of the parent	59,171	57,541
Non-controlling interest	6,746	5,755
Total equity	65,917	63,296
Non-current liabilities		
Hire purchase liabilities	755	356
Borrowings	10,525	10,982
Deferred tax liability	843	843
	12,123	12,181
Current liabilities		
Trade payables	19,842	10,509
Other payables	8,727	7,753
Derivative liabilities	-	297
Borrowings	10,484	4,066
Hire purchase liabilities	228	116
	39,281	22,741
TOTAL EQUITY AND LIABILITIES	117,321	98,218
Net assets per share (RM)*	1.67	1.64

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
 INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2018

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					
<u>6 months ended 30 September 2016</u>							
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
<u>6 months ended 30 September 2017</u>							
Balance at 1 April 2017	53,553	-	(1,333)	5,321	57,541	5,755	63,296
Issuance of share capital	349	-	-	-	349	-	349
Foreign currency translation	-	-	303	-	303	-	303
Profit for the financial period	-	-	-	978	978	991	1,969
Balance at 30 September 2017	53,902	-	(1,030)	6,299	59,171	6,746	65,917

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 2017 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 31 MARCH 2018

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 6 months ended 30/09/2017 RM'000	(Audited) 6 months ended 30/09/2016 RM'000
Operating Activities		
Net profit before tax	2,045	299
Adjustment for :-		
Depreciation and amortisation	1,083	1,175
(Gain)/Loss on disposal of property, plant and equipment	(156)	465
Property, plant and equipment written off	8	3
Interest costs	547	552
Interest income	(61)	(34)
Unrealised derivative (gain)/ loss	(687)	(18)
Unrealised foreign exchange (gain)/loss	190	(239)
	<hr/>	<hr/>
Operating profit before changes in working capital	2,969	2,203
Changes in working capital		
Inventories	(11,427)	10,545
Trade and other receivables	(3,296)	4,456
Trade and other payables	10,019	(3,565)
	<hr/>	<hr/>
Net cash generated from operating activities	(1,735)	13,639
Income tax paid	(125)	(187)
	<hr/>	<hr/>
Net cash generated from operating activities	(1,860)	13,452
Investing Activities		
Interest received	61	34
Proceeds from disposal of property, plant and equipment	199	1,509
Purchase of property, plant and equipment	(1,701)	(21)
Proceeds from private placement	349	-
Placement of other investment	-	(5,700)
	<hr/>	<hr/>
Net cash generated from investing activities	(1,092)	(4,178)
	<hr/>	<hr/>
Financing Activities		
Net (repayment)/drawdown of bank borrowings	6,744	(156)
Net repayment of term loan	(783)	(729)
Net (repayment)/drawdown of hire purchase liabilities	511	(116)
Interest paid	(547)	(552)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	5,925	(1,553)
	<hr/>	<hr/>
Net change in cash and cash equivalents	2,973	7,721
Effect of exchange rate fluctuation on cash held	302	(340)
Cash and cash equivalents at beginning of year	5,849	8,667
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Cash and cash equivalents at end of period/year	9,124	16,048
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Cash and cash equivalent comprise of:-		
Deposit with licensed bank	-	-
Cash and bank balances	9,124	16,048
Bank overdraft	-	-
	<hr/>	<hr/>
	9,124	16,048
	<hr/> <hr/>	<hr/> <hr/>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2017 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 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 2017. 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 2017.

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 2017.

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 2017

- Amendments to MFRS 12, Disclosure of Interest in Other Entities (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)
- 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
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014 - 2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 - 2016 cycle)
- Amendments to MFRS 140, Investment Property – Transfer of Investment Property

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

- MFRS 16, Leases

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 initial application of the accounting standards, amendments or interpretations 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 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 2017.

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 under review.

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 2017 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 2017.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 September 2017, the Group recorded a revenue of RM19.5 million, an increase of 21.1% or RM3.4 million as compared to a revenue of RM16.1 million recorded in the preceding corresponding quarter ended 30 September 2016. Despite the increase in revenue, the Group maintained similar financial results for the current quarter under review as compared to the preceding corresponding quarter ended 30 September 2016, both with a net loss before tax of RM0.5 million. The drop in the profit was mainly attributable to lower gross profit margin and an increase in administration cost.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group decreased by 22.0% to RM19.5 million for the current quarter under review as compared to RM25.0 million recorded in the immediate preceding quarter ended 30 June 2017. The Group recorded a net loss before tax of RM0.5 million as compared to a net profit before tax of RM2.6 million for the immediate preceding quarter mainly due to drop in sales volume resulting in a lower gross profit margin and an increase in administration cost.

16. PROSPECTS

The operating environment continues to be challenging and the uncertainties in the global economic environment remain high. The Group will actively explore new opportunities for business development and diversification, thereby achieving sustainable and steady business growth. The Directors of the Group 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 30.09.2017 RM'000	Preceding Year Corresponding Quarter 30.09.2016 RM'000	Current Period To- Date 30.09.2017 RM'000	Preceding Year Corresponding Period 30.09.2016 RM'000
Malaysia income tax:				
- current taxation	38	(48)	76	(10)

The effective tax rate of the Group for the financial period ended 30 September 2017 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 proposals as at the date of this report.

20. BORROWINGS

Details of the Group's borrowings as at 30 September 2017 are as follows:

Current	RM'000
Unsecured: Hire purchase	228
Secured: Term loan	971
Trade bills	9,513
	<u>10,712</u>
Non-current	RM'000
Unsecured: Hire purchase	755
Secured: Term loan	10,525
	<u>11,280</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 30 September 2017, 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	27,624	26,937	687

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 recognised 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 2017 and 30 September 2017 into realised and unrealised profits are as follows:

	As at 30.09.2017 RM'000	As at 30.6.2017 RM'000
Total retained profits of the Group:		
- Realised	(2,932)	(1,797)
- Unrealised	(414)	(981)
	<hr style="width: 100%; border: 0.5px solid black;"/> (3,346)	<hr style="width: 100%; border: 0.5px solid black;"/> (2,778)
 Consolidation adjustments	 9,645	 10,044
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Total retained profits as per statement of financial position	6,299	7,266
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24. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.09.17 RM' 000	Preceding Year Corresponding Quarter 30.09.16 RM' 000	Current Year To-date 30.09.17 RM' 000	Preceding Year Corresponding Period 30.09.16 RM' 000
Basic earnings/(loss) per share EPS/(LPS)				
Net profit/(loss) attributable to equity holders of the parent	(968)	(589)	978	336
Weighted average number of ordinary shares in issue	35,523	35,174	35,523	35,174
Basic EPS/(LPS) (sen)	(2.72)	(1.67)	2.75	0.96
Diluted earnings/(loss) per share EPS/(LPS)				
Net profit/(loss) attributable to equity holders of the parent	(968)	(589)	978	336
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