



(Incorporated in Malaysia)

Interim Report for the

First Quarter Ended

30 June 2014

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GENETEC TECHNOLOGY BERHAD (445537-W)  
 INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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	Year	Corresponding
		30/06/2014	Quarter	To-date	Period
		RM'000	30/06/2013	30/06/2014	30/06/2013
		RM'000	RM'000	RM'000	RM'000
Revenue		30,657	39,774	30,657	39,774
Cost of sales		(27,658)	(33,951)	(27,658)	(33,951)
Gross profit					
		2,999	5,823	2,999	5,823
Interest income		11	31	11	31
Other operating income		494	574	494	574
Distribution expenses		(398)	(534)	(398)	(534)
Administrative expenses		(1,143)	(1,441)	(1,143)	(1,441)
Other operating expenses		(371)	(186)	(371)	(186)
Depreciation and amortisation		(777)	(790)	(777)	(790)
Profit from operations		815	3,477	815	3,477
Finance costs		(522)	(683)	(522)	(683)
Net gain/(loss) on financial assets and financial liabilities at fair value		251	(504)	251	(504)
Profit before taxation		544	2,290	544	2,290
Taxation	18	(38)	(88)	(38)	(88)
Profit from continuing operations		506	2,202	506	2,202
Profit from discontinued operation, net of tax		-	46	-	46
Profit for the financial period		506	2,248	506	2,248
Other comprehensive income					
Foreign currency translation differences of foreign operations		82	(857)	82	(857)
Total comprehensive income for the financial period		588	1,391	588	1,391
Profit attributable to:					
Equity holders of the parent		422	2,649	422	2,649
Non-controlling interest		84	(401)	84	(401)
Profit for the financial period		506	2,248	506	2,248
Total comprehensive income attributable to:					
Equity holders of the parent		504	1,792	504	1,792
Non-controlling interest		84	(401)	84	(401)
Total comprehensive income for the financial period		588	1,391	588	1,391
Earning per share (sen) :-	25				
(a) Basic		0.12	0.75	0.12	0.75
(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 FIRST QUARTER ENDED 30 JUNE 2014

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 30/06/2014 RM'000	(Audited) As at preceding financial year ended 31/03/2014 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	44,837	45,437
Investment in associate company	-	179
Intangible assets	20,560	20,560
	65,397	66,176
<b>Current assets</b>		
Inventories	19,345	14,038
Trade receivables	28,948	19,453
Derivative assets	21 251	-
Other receivables	3,953	5,881
Current tax asset	596	505
Cash and cash equivalents	6,486	6,313
	59,579	46,190
Assets of disposal groups held for sale	22 -	-
<b>TOTAL ASSETS</b>	124,976	112,366
<b>EQUITY AND LIABILITIES</b>		
Share capital	35,174	35,174
Reserves	18,908	18,404
<b>Equity attributable to equity holders of the parent</b>	54,082	53,578
Non-controlling interest	3,650	(995)
<b>Total equity</b>	57,732	52,583
<b>Non-current liabilities</b>		
Hire purchase liabilities	20 967	1,800
Borrowings	20 14,824	5,499
Deferred tax liability	558	558
<b>Current liabilities</b>		
Trade payables	17,432	9,592
Other payables	6,780	11,042
Amount due to associate company	-	170
Amount due to related companies	171	521
Derivative liabilities	21 -	180
Borrowings	20 20,161	23,921
Hire purchase liabilities	20 1,512	1,579
	46,056	47,005
Liabilities of disposal groups held for sale	22 4,839	4,921
	124,976	112,366
<b>Net assets per share (RM)*</b>	0.15	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 FIRST QUARTER ENDED 30 JUNE 2014

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non		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			
<b>3 months ended 30 June 2013</b>							
Balance at 1 April 2013	35,174	18,379	(44)	(6,520)	46,989	1,016	48,005
Total comprehensive income for the period	-	-	(857)	2,649	1,792	(401)	1,391
<b>Balance at 30 June 2013</b>	<b>35,174</b>	<b>18,379</b>	<b>(901)</b>	<b>(3,871)</b>	<b>48,781</b>	<b>615</b>	<b>49,396</b>
<b>3 months ended 30 June 2014</b>							
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	-	-	82	422	504	84	588
<b>Balance at 30 June 2014</b>	<b>35,174</b>	<b>18,379</b>	<b>(377)</b>	<b>906</b>	<b>54,082</b>	<b>3,650</b>	<b>57,732</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 2014 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 3 months ended 30/06/2014 RM'000	(Unaudited) 3 months ended 30/06/2013 RM'000
<b>Operating Activities</b>		
Net profit before tax		
- continued operations	544	2,290
- discontinued operations	-	46
	<u>544</u>	<u>2,336</u>
<b>Adjustment for :-</b>		
Depreciation and amortisation	777	856
Inventories written off	1,450	-
Interest costs	522	805
Interest income	(11)	(31)
Unrealised derivative (gain)/loss	(251)	504
Unrealised foreign exchange loss/(gain)	124	(365)
	<u>3,155</u>	<u>4,105</u>
<b>Operating profit before changes in working capital</b>		
<b>Changes in working capital</b>		
Inventories	(6,758)	4,545
Trade and other receivables	(7,629)	(18,437)
Trade and other payables	3,036	7,899
	<u>(11,351)</u>	<u>(16,000)</u>
<b>Net cash used in operating activities</b>		
Income tax paid	(129)	(197)
	<u>(8,325)</u>	<u>(2,085)</u>
<b>Net cash used in operating activities</b>		
<b>Investing Activities</b>		
Increase investment in subsidiary by non-controlling interest	4,410	-
Increase investment in associate by non-controlling interest	51	-
Interest received	11	31
Proceeds from disposal of property, plant and equipment	-	419
Purchase of property, plant and equipment	(136)	(95)
	<u>4,336</u>	<u>355</u>
<b>Net cash generated from investing activities</b>		
<b>Financing Activities</b>		
Net drawdown of bank borrowings	6,556	2,729
Net repayment of term loan	(1,179)	(992)
Net repayment of hire purchase liabilities	(900)	(418)
Interest paid	(522)	(805)
	<u>3,955</u>	<u>514</u>
<b>Net cash generated from financing activities</b>		
Net change in cash and cash equivalents	(34)	(1,216)
Effect of exchange rate fluctuation on cash held	207	(695)
Cash and cash equivalents at beginning of year	6,313	11,930
	<u>6,486</u>	<u>10,019</u>
<b>Cash and cash equivalents at end of period/year</b>		
Cash and cash equivalent comprise of:-		
<b>Continuing operation</b>		
Deposit with licensed bank	89	1,087
Cash and bank balances	8,026	9,672
Bank overdraft	(1,629)	(1,457)
	<u>6,486</u>	<u>9,302</u>
<b>Discontinued operation</b>		
Cash and bank balances	-	717
	<u>6,486</u>	<u>10,019</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, RESALE 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 June 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 June 2014.

**14. REVIEW OF PERFORMANCE**

For the current quarter ended 30 June 2014, the Group recorded revenue of RM30.7 million from continuing operations, a decrease of 22.9% over the corresponding quarter ended 30 June 2013 of RM39.8 million. Meanwhile, the Group registered profit before taxation of RM0.5 million as compared to RM2.3 million in the preceding year corresponding quarter. The decrease in profit before taxation was mainly caused by lower sales volume achieved for the current quarter under review and inventories written-off of RM1.5 million.

**15. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

The Group achieved revenue of RM30.7 million for the current quarter under review, an increase of 63.3% as compared to RM18.8 million recorded in the immediate preceding quarter ended 31 March 2014. Meanwhile, the Group recorded profit after taxation of RM0.5 million, a 76.4% decrease as compared to RM2.1 million for the immediate preceding quarter. For the preceding quarter, the profit after taxation of RM2.1 million comprises a loss after taxation of RM3.4 million at the continued operations level and RM5.5 million at the discontinued operations level, mainly resulting from the gain on disposal of subsidiaries of RM4.3 million and RM1.0 million bad debts recovery.



**16. PROSPECTS**

With the positive performance for the current quarter and projects secured in hand, the Directors of the Group anticipate this positive trend to be continued into remaining quarters 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 30.06.2014 RM'000	Preceding Year Corresponding Quarter 30.06.2013 RM'000	Current Period To- Date 30.06.2014 RM'000	Preceding Year Corresponding Period 30.06.2013 RM'000
Malaysia income tax:				
- current taxation	38	88	38	88

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

<b>Current</b>	<b>RM'000</b>
Unsecured: Hire purchase	1,512
Secured: Term loan	2,003
Trade bills	18,158
	<u>21,673</u>
 <b>Non-current</b>	 <b>RM'000</b>
Unsecured: Hire purchase	967
Secured: Term loan	14,824
	<u>15,791</u>

## 21. FINANCIAL INSTRUMENTS

### Derivatives

As at 30 June 2014, the foreign currency forward contracts which have been entered into by the Group to hedge against foreign trade receivable are as follows:-

<b>Forward Foreign Currency Contracts</b>	<b>Contract Value (RM'000)</b>	<b>Fair Value (RM'000)</b>	<b>Difference (RM'000)</b>
US Dollar - Less than 1 year	9,242	8,991	251

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 June 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 June 2014 are as follows:

Assets:	<b>Group RM'000</b>
Assets of disposal group classified as held for sale	-
Liabilities:	
Long term borrowings	(2,963)
Short term borrowings	(524)
Trade and other payables	<u>(1,352)</u>
Liabilities of disposal group classified as held for sale	<u>(4,839)</u>
Net liabilities of disposal group classified as held for sale	<u>(4,839)</u>

Statement of comprehensive income disclosure

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

	<b>Group RM'000</b>
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 June 2014 as follows:

	<b>Group RM'000</b>
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 31 March 2014 and 30 June 2014, into realised and unrealised profits, pursuant to the directive is as follows:

	<b>As at 30.06.2014 RM'000</b>	<b>As at 31.03.2014 RM'000</b>
Total retained profits of the Group:		
- Realised	(18,123)	(18,862)
- Unrealised	(439)	(566)
	<hr/>	<hr/>
	(18,562)	(19,428)
Total share of retained profits from an associate		
- Realised	-	130
- Unrealised	-	-
	<hr/>	<hr/>
	(18,562)	(19,298)
Consolidation adjustments	19,468	19,782
	<hr/>	<hr/>
Total retained profits as per statement of financial position	906	484
	<hr/>	<hr/>

**25. EARNINGS PER SHARE**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	Current Year Quarter 30.06.14 RM' 000	Preceding Year Corresponding Quarter 30.06.13 RM' 000	Current Year To-date 30.06.14 RM' 000	Preceding Year Corresponding Period 30.06.13 RM' 000
<b>Basic earnings per share EPS</b>				
Net profit attributable to shareholders	422	2,649	422	2,649
Weighted average number of ordinary shares in issue	351,738	351,738	351,738	351,738
Basic EPS (sen)	0.12	0.75	0.12	0.75
<b>Diluted earnings per share EPS</b>				
Net profit attributable to shareholders	422	2,649	422	2,649
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