



(Incorporated in Malaysia)

Interim Report for the

First Quarter Ended

30 June 2015

Contents

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes in Equity	3
Condensed Consolidated Statement of Cash Flows	4
Notes to the Condensed Financial Statements	5 - 11

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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
		30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Revenue		53,840	30,657	53,840	30,657
Cost of sales		(46,147)	(27,658)	(46,147)	(27,658)
Gross profit		7,693	2,999	7,693	2,999
Interest income		24	11	24	11
Other operating income		5,648	494	5,648	494
Distribution expenses		(724)	(398)	(724)	(398)
Administrative expenses		(1,367)	(1,143)	(1,367)	(1,143)
Other operating expenses		(58)	(371)	(58)	(371)
Depreciation and amortisation		(656)	(777)	(656)	(777)
Profit from operations		10,560	815	10,560	815
Finance costs		(628)	(522)	(628)	(522)
Net (loss)/profit on financial assets and financial liabilities at fair value		(3,963)	251	(3,963)	251
Profit before taxation		5,969	544	5,969	544
Taxation	18	(38)	(38)	(38)	(38)
Profit for the financial period		5,931	506	5,931	506
Other comprehensive income					
Foreign currency translation differences of foreign operations		(126)	82	(126)	82
Total comprehensive income for the financial period		5,805	588	5,805	588
Profit attributable to:					
Equity holders of the parent		4,503	422	4,503	422
Non-controlling interest		1,428	84	1,428	84
Profit for the financial period		5,931	506	5,931	506
Total comprehensive income attributable to:					
Equity holders of the parent		4,377	504	4,377	504
Non-controlling interest		1,428	84	1,428	84
Total comprehensive income for the financial period		5,805	588	5,805	588
Earning per share (sen) :-	24				
(a) Basic		1.28	0.12	1.28	0.12
(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 FIRST QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter <u>Note</u> 30/06/2015 RM'000	(Audited) As at preceding financial year ended 31/03/2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,652	42,117
Intangible assets	20,560	20,560
Deferred tax assets	1,016	1,016
	63,228	63,693
Current assets		
Inventories	21,244	26,730
Trade receivables	81,920	48,154
Other receivables	2,476	3,722
Current tax asset	431	359
Cash and cash equivalents	8,354	19,017
	114,425	97,982
TOTAL ASSETS	177,653	161,675
EQUITY AND LIABILITIES		
Share capital	35,174	35,174
Reserves	26,870	22,493
Equity attributable to equity holders of the parent	62,044	57,667
Non-controlling interest	4,974	3,546
Total equity	67,018	61,213
Non-current liabilities		
Hire purchase liabilities	20 209	96
Borrowings	20 13,408	13,769
Deferred tax liability	187	187
Current liabilities		
Trade payables	33,709	32,831
Other payables	17,803	15,043
Amount due to related companies	922	556
Derivative liabilities	21 3,963	4,652
Borrowings	20 39,620	32,210
Hire purchase liabilities	20 814	1,118
	96,831	86,410
	177,653	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 FIRST QUARTER ENDED 30 JUNE 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			
3 months ended 30 June 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	-	-	82	422	504	84	588
Balance at 30 June 2014	35,174	18,379	(377)	906	54,082	3,650	57,732
3 months ended 30 June 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	-	-	(126)	4,503	4,377	1,428	5,805
Balance at 30 June 2015	35,174	18,379	(953)	9,444	62,044	4,974	67,018

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 FIRST QUARTER ENDED 30 JUNE 2015

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 3 months ended 30/06/2015 RM'000	(Unaudited) 3 months ended 30/06/2014 RM'000
Operating Activities		
Net profit before tax	5,969	544
Adjustment for :-		
Depreciation and amortisation	656	777
Gain on disposal of property, plant and equipment	(1)	-
Inventories written off	-	1,450
Interest costs	628	522
Interest income	(24)	(11)
Unrealised derivative loss/(gain)	3,963	(251)
Unrealised foreign exchange (gain)/loss	(2,409)	124
Operating profit before changes in working capital	8,782	3,155
Changes in working capital		
Inventories	5,486	(6,758)
Trade and other receivables	(34,763)	(7,629)
Trade and other payables	4,004	3,036
Net cash used in operating activities	(16,491)	(8,196)
Income tax paid	(109)	(129)
Net cash used in operating activities	(16,600)	(8,325)
Investing Activities		
Increase investment in subsidiary by non-controlling interest	-	4,410
Increase investment in associate by non-controlling interest	-	51
Interest received	24	11
Proceeds from disposal of property, plant and equipment	75	-
Purchase of property, plant and equipment	(265)	(136)
Net cash (used in) / generated from investing activities	(166)	4,336
Financing Activities		
Net drawdown of bank borrowings	7,065	6,556
Net repayment of term loan	(338)	(1,179)
Net repayment of hire purchase liabilities	(190)	(900)
Interest paid	(628)	(522)
Net cash generated from financing activities	5,909	3,955
Net change in cash and cash equivalents	(10,857)	(34)
Effect of exchange rate fluctuation on cash held	(127)	207
Cash and cash equivalents at beginning of year	18,410	6,313
Cash and cash equivalents at end of period/year	7,426	6,486
Cash and cash equivalent comprise of:-		
Deposit with licensed bank	91	89
Cash and bank balances	8,263	8,026
Bank overdraft	(928)	(1,629)
	7,426	6,486

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 June 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 June 2015.

14. REVIEW OF PERFORMANCE

For the current quarter ended 30 June 2015, the Group achieved revenue of RM53.8 million, an increase of 75.6% over the corresponding quarter ended 30 June 2014 of RM30.7 million. The Group recorded profit before taxation of RM6.0 million for the current quarter under review as compared to RM0.5 million in the preceding year corresponding quarter. The increased in profit before taxation was mainly attributable to higher sales volume achieved for the current quarter under review and recognition of foreign exchange gain.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved revenue of RM53.8 million for the current quarter under review, an increase of 11.1% as compared to RM48.5 million recorded in the immediate preceding quarter ended 31 March 2015. Meanwhile, the pretax profit has increased from RM0.7 million for the immediate preceding quarter 31 March 2015 to RM6.0 million for the current quarter under review which was mainly due to higher sales volume achieved for the current quarter under review and RM1.5 million provision of doubtful debts and inventories in the immediate preceding quarter.

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 30.06.2015 RM'000	Preceding Year Corresponding Quarter 30.06.2014 RM'000	Current Period To- Date 30.06.2015 RM'000	Preceding Year Corresponding Period 30.06.2014 RM'000
Malaysia income tax:				
- current taxation	38	38	38	38

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

Current	RM'000
Unsecured: Hire purchase	814
Secured: Term loan	2,335
Trade bills	37,285
	<u>40,434</u>
Non-current	RM'000
Unsecured: Hire purchase	209
Secured: Term loan	13,408
	<u>13,617</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 30 June 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	61,309	65,272	3,963

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 31 March 2015 and 30 June 2015, into realised and unrealised profits, pursuant to the directive is as follows:

	As at 31.03.2015 RM'000	As at 30.06.2015 RM'000
Total retained profits of the Group:		
- Realised	(12,011)	(11,698)
- Unrealised	1,753	3,324
	<hr/> (10,258)	<hr/> (8,374)
Total share of retained profits from an associate		
- Realised	-	-
- Unrealised	-	-
	<hr/> (10,258)	<hr/> (8,374)
Consolidation adjustments	15,199	17,818
	<hr/>	<hr/>
Total retained profits as per statement of financial position	4,941	9,444
	<hr/>	<hr/>

24. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.15 RM' 000	Preceding Year Corresponding Quarter 30.06.14 RM' 000	Current Year To-date 30.06.15 RM' 000	Preceding Year Corresponding Period 30.06.14 RM' 000
Basic earnings per share EPS				
Net profit attributable to shareholders	4,503	422	4,503	422
Weighted average number of ordinary shares in issue	351,738	351,738	351,738	351,738
Basic EPS (sen)	1.28	0.12	1.28	0.12
Diluted earnings per share EPS				
Net profit attributable to shareholders	4,503	422	4,503	422
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