



(Incorporated in Malaysia)

Interim Report for the

Fourth Quarter Ended

31 March 2016

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GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 2016

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 31/03/2016 RM'000 | Preceding Year Corresponding Quarter 31/03/2015 RM'000 | Current Year To-date 31/03/2016 RM'000 | Preceding Year Corresponding Period 31/03/2015 RM'000 |
| Revenue | | 16,585 | 48,457 | 129,002 | 145,872 |
| Cost of sales | | (14,309) | (42,275) | (112,237) | (128,529) |
| Gross profit | | 2,276 | 6,182 | 16,765 | 17,343 |
| Interest income | | 56 | 23 | 146 | 66 |
| Other operating income | | (2,412) | 1,360 | 2,670 | 4,440 |
| Distribution expenses | | (207) | (505) | (2,185) | (1,953) |
| Administrative expenses | | (1,640) | (1,550) | (5,843) | (5,366) |
| Other operating expenses | | (21) | (342) | (869) | (917) |
| Depreciation and amortisation | | (604) | (630) | (2,553) | (2,924) |
| (Loss)/Profit from operations | | (2,552) | 4,538 | 8,131 | 10,689 |
| Finance costs | | (317) | (658) | (1,823) | (2,373) |
| Net gain/(loss) on financial assets and financial liabilities at fair value | | 2,781 | (3,189) | 1,955 | (4,652) |
| (Loss)/Profit before taxation | | (88) | 691 | 8,263 | 3,664 |
| Taxation | 18 | (1,359) | 1,428 | (1,473) | 1,306 |
| (Loss)/Profit for the financial period | | (1,447) | 2,119 | 6,790 | 4,970 |
| Other comprehensive income | | | | | |
| Foreign currency translation differences of foreign operations | | 469 | (23) | (349) | (368) |
| Total comprehensive income for the financial period | | (978) | 2,096 | 6,441 | 4,602 |
| Profit attributable to: | | | | | |
| Equity holders of the parent | | (1,219) | 1,895 | 4,402 | 4,457 |
| Non-controlling interest | | (228) | 224 | 2,388 | 513 |
| (Loss)/Profit for the financial period | | (1,447) | 2,119 | 6,790 | 4,970 |
| Total comprehensive income attributable to: | | | | | |
| Equity holders of the parent | | (341) | 1,248 | 4,462 | 3,465 |
| Non-controlling interest | | (637) | 848 | 1,979 | 1,137 |
| Total comprehensive income for the financial period | | (978) | 2,096 | 6,441 | 4,602 |
| (Loss)/Earning per share (sen) :- | 24 | | | | |
| (a) Basic | | (3.47) | 5.39 | 12.51 | 12.67 |
| (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 FOURTH QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <u>Note</u> | (Unaudited) As at end of current quarter 31/03/2016 RM'000 | (Audited) As at preceding financial year ended 31/03/2015 RM'000 |
|--|-------------|--|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 40,121 | 42,117 |
| Intangible assets | | 20,560 | 20,560 |
| Deferred tax assets | | - | 1,016 |
| | | 60,681 | 63,693 |
| Current assets | | | |
| Inventories | | 12,282 | 26,730 |
| Trade receivables | | 17,497 | 48,154 |
| Other receivables | | 1,750 | 3,722 |
| Current tax asset | | 417 | 359 |
| Derivative assets | | 1,955 | - |
| Cash and cash equivalents | | 8,967 | 19,017 |
| | | 42,868 | 97,982 |
| TOTAL ASSETS | | 103,549 | 161,675 |
| EQUITY AND LIABILITIES | | | |
| Share capital | | 35,174 | 35,174 |
| Reserves | | 26,955 | 22,493 |
| Equity attributable to equity holders of the parent | | 62,129 | 57,667 |
| Non-controlling interest | | 5,525 | 3,546 |
| Total equity | | 67,654 | 61,213 |
| Non-current liabilities | | | |
| Hire purchase liabilities | 20 | 472 | 96 |
| Borrowings | 20 | 12,291 | 13,769 |
| Deferred tax liability | | 780 | 187 |
| Current liabilities | | | |
| Trade payables | | 9,606 | 32,831 |
| Other payables | | 7,463 | 15,043 |
| Amount due to related companies | | - | 556 |
| Derivative liabilities | 21 | - | 4,652 |
| Borrowings | 20 | 5,100 | 32,210 |
| Hire purchase liabilities | 20 | 183 | 1,118 |
| | | 22,352 | 86,410 |
| | | 103,549 | 161,675 |
| Net assets per share (RM)* | | 1.77 | 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 2015 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
 INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 MARCH 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 | | | |
| 12 months ended 31 March 2015 | | | | | | | |
| Balance at 1 April 2014 | 35,174 | 18,379 | (459) | 484 | 53,578 | (995) | 52,583 |
| Foreign currency translation | - | - | (368) | - | (368) | (382) | (750) |
| Increase in investment by non-controlling interest | - | - | - | - | - | 4,410 | 4,410 |
| Profit for the financial period | - | - | - | 4,457 | 4,457 | 513 | 4,970 |
| Balance at 31 March 2015 | 35,174 | 18,379 | (827) | 4,941 | 57,667 | 3,546 | 61,213 |
| 12 months ended 31 March 2016 | | | | | | | |
| Balance at 1 April 2015 | 35,174 | 18,379 | (827) | 4,941 | 57,667 | 3,546 | 61,213 |
| Foreign currency translation | - | - | 60 | - | 60 | (409) | (349) |
| Profit for the financial period | - | - | - | 4,402 | 4,402 | 2,388 | 6,790 |
| Balance at 31 March 2016 | 35,174 | 18,379 | (767) | 9,343 | 62,129 | 5,525 | 67,654 |

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 FOURTH QUARTER ENDED 31 MARCH 2016

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | (Unaudited) 12 months ended 31/03/2016 RM'000 | (Audited) 12 months ended 31/03/2015 RM'000 |
|--|---|---|
| Operating Activities | | |
| Net profit before tax | 8,263 | 3,664 |
| Adjustment for :- | | |
| Depreciation and amortisation | 2,553 | 2,924 |
| Loss on disposal of an associate | - | 130 |
| Loss on disposal of property, plant and equipment | 583 | 22 |
| Written off of property, plant and equipment | 6 | 255 |
| Inventories written off | 114 | 2,479 |
| Interest costs | 1,823 | 2,373 |
| Interest income | (146) | (66) |
| Provision for doubtful debts | - | 227 |
| Provision for obsolete stock | 578 | 1,317 |
| Unrealised derivative (gain)/loss | (1,955) | 4,651 |
| Unrealised foreign exchange (gain)/loss | 1,060 | (839) |
| | <hr/> | <hr/> |
| Operating profit before changes in working capital | 12,879 | 17,137 |
| Changes in working capital | | |
| Inventories | 13,756 | (16,488) |
| Trade and other receivables | 26,918 | (26,108) |
| Trade and other payables | (31,361) | 21,529 |
| | <hr/> | <hr/> |
| Net cash generated from operating activities | 22,192 | (3,930) |
| Income tax paid | (418) | (512) |
| Tax refund | 496 | 577 |
| | <hr/> | <hr/> |
| Net cash generated from operating activities | 22,270 | (3,865) |
| Investing Activities | | |
| Subscription of shares in a subsidiary by non-controlling interest | - | 4,410 |
| Proceeds from disposal of investment in an associate | - | 49 |
| Interest received | 146 | 66 |
| Proceeds from disposal of property, plant and equipment | 577 | 2,327 |
| Purchase of property, plant and equipment | (1,457) | (2,208) |
| | <hr/> | <hr/> |
| Net cash generated from investing activities | (734) | 4,644 |
| Financing Activities | | |
| Net (repayment)/drawdown of bank borrowings | (26,597) | 19,295 |
| Net repayment of term loan | (1,384) | (3,345) |
| Net repayment of hire purchase liabilities | (559) | (2,165) |
| Interest paid | (1,823) | (2,373) |
| | <hr/> | <hr/> |
| Net cash (used in)/generated from financing activities | (30,363) | 11,412 |
| Net change in cash and cash equivalents | (8,827) | 12,191 |
| Effect of exchange rate fluctuation on cash held | (616) | (94) |
| Cash and cash equivalents at beginning of year | 18,410 | 6,313 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at end of period/year | 8,967 | 18,410 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Cash and cash equivalent comprise of:- | | |
| Deposit with licensed bank | 300 | 91 |
| Cash and bank balances | 8,667 | 18,926 |
| Bank overdraft | - | (607) |
| | <hr/> | <hr/> |
| | 8,967 | 18,410 |
| | <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 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 31 March 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 31 March 2016.

14. REVIEW OF PERFORMANCE

For the current quarter ended 31 March 2016, the Group recorded a revenue of RM16.6 million, a decrease of 65.8% or RM31.9 million as compared to a revenue of RM48.5 million recorded in the preceding corresponding quarter ended 31 March 2015. The Group recorded a net loss before tax of RM0.1 million after provision for obsolete inventories of RM0.6 million for the current quarter under review as compared to net profit before tax of RM0.7 million in the preceding corresponding quarter.

As for the financial year ended 31 March 2016, the Group recorded a revenue of RM129 million, a decrease of RM16.8 million or 11.5% as compared to a revenue of RM145.8 million recorded for financial year ended 31 March 2015. The Group recorded a profit before taxation of RM8.3 million for the current year under review versus a profit before taxation of RM3.7 million in the preceding corresponding year. The increase in profit before taxation was mainly attributable to recognition of foreign exchange gain of RM1.9 million.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group decreased by 16.2% to RM16.6 million for the current quarter under review as compared to RM19.8 million recorded in the immediate preceding quarter ended 31 December 2015. However, the Group recorded a net loss before tax of RM0.1 million as compared to a net loss before tax of RM1.3 million for the immediate preceding quarter mainly due to improved efficiency in cost control.

16. PROSPECTS

In view of the current economic condition, the Directors of the Group anticipate that the performance of next financial year remains 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 31.03.2016 RM'000 | Preceding Year Corresponding Quarter 31.03.2015 RM'000 | Current Period To- Date 31.03.2016 RM'000 | Preceding Year Corresponding Period 31.03.2015 RM'000 |
| Malaysia income tax: | | | | |
| - current taxation | 1,359 | (1,428) | 1,473 | (1,306) |

The effective tax rate of the Group for the financial period ended 31 March 2016 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 31 March 2016 are as follows:

| Current | RM'000 |
|--------------------------|---------------|
| Unsecured: Hire purchase | 183 |
| Secured: Term loan | 1,477 |
| Trade bills | 3,623 |
| | <u>5,283</u> |
| | |
| Non-current | RM'000 |
| Unsecured: Hire purchase | 472 |
| Secured: Term loan | 12,291 |
| | <u>12,763</u> |

21. FINANCIAL INSTRUMENTS

Derivatives

As at 31 March 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 | 23,153 | 21,198 | 1,955 |

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 December 2015 and 31 March 2016, into realised and unrealised profits, pursuant to the directive is as follows:

| | As at 31.03.2016 RM'000 | As at 31.12.2015 RM'000 |
|---|--|--|
| Total retained profits of the Group: | | |
| - Realised | (5,125) | (7,000) |
| - Unrealised | 203 | 933 |
| | <hr/> | <hr/> |
| | (4,922) | (6,067) |
| | | |
| Consolidation adjustments | 14,265 | 16,629 |
| | <hr/> | <hr/> |
| Total retained profits as per statement of financial position | 9,343 | 10,562 |
| | <hr/> | <hr/> |

24. EARNINGS PER SHARE

| | Individual Quarter | | Cumulative Quarter | |
|---|--|---|--|--|
| | Current Year Quarter 31.03.16 RM' 000 | Preceding Year Corresponding Quarter 31.03.15 RM' 000 | Current Year To-date 31.03.16 RM' 000 | Preceding Year Corresponding Period 31.03.15 RM' 000 |
| Basic (loss)/earnings per share (LPS)/EPS | | | | |
| Net (loss)/profit attributable to shareholders | (1,219) | 1,895 | 4,402 | 4,457 |
| Weighted average number of ordinary shares in issue | 35,174 | 35,174 | 35,174 | 35,174 |
| Basic (LPS)/EPS (sen) | (3.47) | 5.39 | 12.51 | 12.67 |
| Diluted (loss)/earnings per share (LPS)/EPS | | | | |
| Net (loss)/profit attributable to shareholders | (1,219) | 1,895 | 4,402 | 4,457 |
| Weighted average number of ordinary shares in issue | N/A | N/A | N/A | N/A |
| | N/A | N/A | N/A | N/A |

Note :

Subsequent to the year end, the Company has completed its Share Consolidation exercise effective on 24th May 2016 and every ten (10) Existing Shares has been consolidated to constitute one (1) Consolidation Share. Following the completion of the Share Consolidation, the issued share capital of the Company now comprises 35,173,800 Consolidated Shares.