



(Incorporated in Malaysia)

Interim Report for the

First Quarter Ended

30 June 2016

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GENETEC TECHNOLOGY BERHAD (445537-W)  
INTERIM REPORT FOR THE FIRST QUARTER ENDED 30 JUNE 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 30/06/2016 RM'000	Preceding Year Corresponding Quarter 30/06/2015 RM'000	Current Year To-date 30/06/2016 RM'000	Preceding Year Corresponding Period 30/06/2015 RM'000
Revenue		21,926	53,840	21,926	53,840
Cost of sales		(19,852)	(46,147)	(19,852)	(46,147)
Gross profit		2,074	7,693	2,074	7,693
Interest income		22	24	22	24
Other operating income		3,351	5,648	3,351	5,648
Distribution expenses		(419)	(724)	(419)	(724)
Administrative expenses		(1,437)	(1,367)	(1,437)	(1,367)
Other operating expenses		(3,189)	(58)	(3,189)	(58)
Depreciation and amortisation		(597)	(656)	(597)	(656)
(Loss)/Profit from operations		(195)	10,560	(195)	10,560
Finance costs		(264)	(628)	(264)	(628)
Net gain/(loss) on financial assets and financial liabilities at fair value		1,274	(3,963)	1,274	(3,963)
(Loss)/Profit before taxation		815	5,969	815	5,969
Taxation	18	(38)	(38)	(38)	(38)
(Loss)/Profit for the financial period		777	5,931	777	5,931
Other comprehensive income					
Foreign currency translation differences of foreign operations		(228)	(126)	(228)	(126)
Total comprehensive income for the financial period		549	5,805	549	5,805
Profit attributable to:					
Equity holders of the parent		925	4,503	925	4,503
Non-controlling interest		(148)	1,428	(148)	1,428
(Loss)/Profit for the financial period		777	5,931	777	5,931
Total comprehensive income attributable to:					
Equity holders of the parent		697	4,377	697	4,377
Non-controlling interest		(148)	1,428	(148)	1,428
Total comprehensive income for the financial period		549	5,805	549	5,805
(Loss)/Earning per share (sen) :-	24				
(a) Basic		2.63	12.80	2.63	12.80
(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 2016 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 2016

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 30/06/2016 RM'000	(Audited) As at preceding financial year ended 31/03/2016 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	39,496	40,121
Intangible assets	20,560	20,560
	60,056	60,681
<b>Current assets</b>		
Inventories	5,855	12,282
Trade receivables	29,850	17,497
Other receivables	1,945	1,751
Current tax asset	475	418
Derivative assets	1,274	1,955
Other investment	-	300
Cash and cash equivalents	5,723	8,667
	45,122	42,870
<b>TOTAL ASSETS</b>	105,178	103,551
<b>EQUITY AND LIABILITIES</b>		
Share capital	35,174	35,174
Reserves	27,657	26,960
<b>Equity attributable to equity holders of the parent</b>	62,831	62,134
Non-controlling interest	5,376	5,524
<b>Total equity</b>	68,207	67,658
<b>Non-current liabilities</b>		
Hire purchase liabilities	484	472
Borrowings	11,935	12,291
Deferred tax liability	779	779
	13,198	13,542
<b>Current liabilities</b>		
Trade payables	8,349	10,074
Other payables	8,147	6,995
Borrowings	7,165	5,100
Hire purchase liabilities	112	182
	23,773	22,351
<b>TOTAL EQUITY AND LIABILITIES</b>	105,178	103,551
<b>Net assets per share (RM)*</b>	1.79	1.77

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 2016 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 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			
<b><u>3 months ended 30 June 2015</u></b>							
Balance at 1 April 2015	35,174	18,379	(827)	4,941	57,667	3,546	61,213
Foreign currency translation	-	-	(126)	-	(126)	-	(126)
Profit for the financial period	-	-	-	4,503	4,503	1,428	5,931
<b>Balance at 30 June 2015</b>	<b>35,174</b>	<b>18,379</b>	<b>(953)</b>	<b>9,444</b>	<b>62,044</b>	<b>4,974</b>	<b>67,018</b>
<b><u>3 months ended 30 June 2016</u></b>							
Balance at 1 April 2016	35,174	18,379	(767)	9,348	62,134	5,524	67,658
Foreign currency translation	-	-	(228)	-	(228)	-	(228)
Profit for the financial period	-	-	-	925	925	(148)	777
<b>Balance at 30 June 2016</b>	<b>35,174</b>	<b>18,379</b>	<b>(995)</b>	<b>10,273</b>	<b>62,831</b>	<b>5,376</b>	<b>68,207</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 2016 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 2016**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>(Unaudited)</b> <b>3 months</b> <b>ended</b> <b>30/06/2016</b> <b>RM'000</b>	<b>(Audited)</b> <b>3 months</b> <b>ended</b> <b>30/06/2015</b> <b>RM'000</b>
<b>Operating Activities</b>		
Net profit before tax	815	5,969
<b>Adjustment for :-</b>		
Depreciation and amortisation	597	656
Loss/(gain) on disposal of property, plant and equipment	1	(1)
Interest costs	264	628
Interest income	(22)	(24)
Unrealised derivative (gain)/loss	(1,274)	3,963
Unrealised foreign exchange (gain)/loss	(695)	(2,409)
<b>Operating profit before changes in working capital</b>	<b>(314)</b>	<b>8,782</b>
<b>Changes in working capital</b>		
Inventories	6,427	5,486
Trade and other receivables	(11,852)	(34,763)
Trade and other payables	1,382	4,004
<b>Net cash generated from operating activities</b>	<b>(4,357)</b>	<b>(16,491)</b>
Income tax paid	(95)	(109)
<b>Net cash generated from operating activities</b>	<b>(4,452)</b>	<b>(16,600)</b>
<b>Investing Activities</b>		
Interest received	22	24
Proceeds from disposal of property, plant and equipment	1	75
Purchase of property, plant and equipment	(19)	(265)
Uplift of other investment	300	-
<b>Net cash generated from investing activities</b>	<b>304</b>	<b>(166)</b>
<b>Financing Activities</b>		
Net (repayment)/drawdown of bank borrowings	2,071	7,065
Net repayment of term loan	(362)	(338)
Net repayment of hire purchase liabilities	(58)	(190)
Interest paid	(264)	(628)
<b>Net cash (used in)/generated from financing activities</b>	<b>1,387</b>	<b>5,909</b>
Net change in cash and cash equivalents	(2,761)	(10,857)
Effect of exchange rate fluctuation on cash held	(183)	(127)
Cash and cash equivalents at beginning of year	8,667	18,410
Cash and cash equivalents at end of period/year	5,723	7,426
Cash and cash equivalent comprise of:-		
Deposit with licensed bank	-	91
Cash and bank balances	5,723	8,263
Bank overdraft	-	(928)
	5,723	7,426

**The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016 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 2016. 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 2016.

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 2016.

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

- 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 (Amendments)

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

- MFRS 16, Leases

MFRSs, Interpretations and amendments effective from 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 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 2016

**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 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 30 June 2016.

**14. REVIEW OF PERFORMANCE**

For the current quarter ended 30 June 2016, the Group recorded a revenue of RM21.9 million, a decrease of 59.3% or RM31.9 million as compared to a revenue of RM53.8 million recorded in the preceding corresponding quarter ended 30 June 2015. The Group recorded a net profit before tax of RM0.8 million for the current quarter under review as compared to a net profit before tax of RM6.0 million in the preceding corresponding quarter ended 30 June 2015. 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 increased by 31.9% to RM21.9 million for the current quarter under review as compared to RM16.6 million recorded in the immediate preceding quarter ended 31 March 2016. The Group recorded a net profit before tax of RM0.8 million as compared to a net loss before tax of RM0.1 million for the immediate preceding quarter was mainly due to writing off and write down of inventories totalling RM0.7 million in the immediate preceding period.

**16. PROSPECTS**

In view of the current economic condition, the Directors of the Group anticipate that the performance of the remaining quarters remain 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 30.06.2016 RM'000	Preceding Year Corresponding Quarter 30.06.2015 RM'000	Current Period To- Date 30.06.2016 RM'000	Preceding Year Corresponding Period 30.06.2015 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 2016 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 proposal at the date of this report.

## 20. BORROWINGS

Details of the Group's borrowings as at 30 June 2016 are as follows:

<b>Current</b>	<b>RM'000</b>
Unsecured: Hire purchase	112
Secured: Term loan	1,471
Trade bills	5,694
	<u>7,277</u>
<b>Non-current</b>	<b>RM'000</b>
Unsecured: Hire purchase	484
Secured: Term loan	11,935
	<u>12,419</u>

## 21. FINANCIAL INSTRUMENTS

### Derivatives

As at 30 June 2016, 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	16,760	15,486	1,274

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

The breakdown of the retained profits of the Group as at 31 March 2016 and 30 June 2016 into realised and unrealised profits are as follows:

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.3.2016 RM'000</b>
Total retained profits of the Group:		
- Realised	(5,699)	(5,415)
- Unrealised	1,189	498
	<hr/> (4,510)	<hr/> (4,917)
 Consolidation adjustments	 14,783	 14,265
	<hr/>	<hr/>
Total retained profits as per statement of financial position	10,273	9,348
	<hr/> <hr/>	<hr/> <hr/>

## 24. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.16 RM' 000	Preceding Year Corresponding Quarter 30.06.15 RM' 000	Current Year To-date 30.06.16 RM' 000	Preceding Year Corresponding Period 30.06.15 RM' 000
<b>Basic (loss)/earnings per share (LPS)/EPS</b>				
Net (loss)/profit attributable to shareholders	925	4,503	925	4,503
Weighted average number of ordinary shares in issue	35,174	35,174	35,174	35,174
Basic (LPS)/EPS (sen)	2.63	12.80	2.63	12.80
<b>Diluted (loss)/earnings per share (LPS)/EPS</b>				
Net (loss)/profit attributable to shareholders	925	4,503	925	4,503
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