



(Incorporated in Malaysia)

Interim Report for the

Fourth Quarter Ended

31 March 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 31/03/2017 RM'000	Preceding Year Corresponding Quarter 31/03/2016 RM'000	Current Year To-date 31/03/2017 RM'000	Preceding Year Corresponding Period 31/03/2016 RM'000
Revenue		18,287	16,586	70,627	129,003
Cost of sales		(14,486)	(14,309)	(60,544)	(112,237)
Gross profit		3,801	2,277	10,083	16,766
Interest income		29	57	77	147
Other operating income		1,088	(2,412)	8,941	2,670
Distribution expenses		(557)	(207)	(1,616)	(2,185)
Administrative expenses		(1,312)	(1,639)	(5,259)	(5,842)
Other operating expenses		(4,692)	(21)	(12,257)	(869)
Depreciation and amortisation		(541)	(604)	(2,263)	(2,553)
Profit/(Loss) from operations		(2,184)	(2,549)	(2,294)	8,134
Finance costs		(221)	(317)	(987)	(1,823)
Net gain/(loss) on financial assets and financial liabilities at fair value		398	2,781	(297)	1,955
Profit/(Loss) before taxation		(2,007)	(85)	(3,578)	8,266
Taxation	18	333	(1,358)	306	(1,472)
Profit/(Loss) for the financial period		(1,674)	(1,443)	(3,272)	6,794
Other comprehensive expense					
Foreign currency translation differences of foreign operations		34	469	(726)	(349)
Total comprehensive income/(loss) for the financial period		(1,640)	(974)	(3,998)	6,445
Profit/(Loss) attributable to:					
Equity holders of the parent		(1,960)	(1,215)	(3,858)	4,406
Non-controlling interest		286	(228)	586	2,388
Profit/(Loss) for the financial period		(1,674)	(1,443)	(3,272)	6,794
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		(1,765)	(337)	(4,423)	4,466
Non-controlling interest		125	(637)	425	1,979
Total comprehensive income/(loss) for the financial period		(1,640)	(974)	(3,998)	6,445
(Loss)/Earning per share (sen) :-	24				
(a) Basic		(5.57)	(3.45)	(10.97)	12.53
(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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	(Unaudited) As at end of current quarter 31/03/2017 RM'000	(Audited) As at preceding financial year ended 31/03/2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	35,773	40,121
Intangible assets	15,560	20,560
	51,333	60,681
Current assets		
Inventories	6,943	12,282
Trade receivables	25,540	17,497
Other receivables	1,692	1,751
Current tax asset	703	418
Derivative assets	-	1,955
Other investment	6,125	300
Cash and cash equivalents	5,849	8,667
	46,852	42,870
TOTAL ASSETS	98,185	103,551
EQUITY AND LIABILITIES		
Share capital	35,174	35,174
Reserves	22,536	26,960
Equity attributable to equity holders of the parent	57,710	62,134
Non-controlling interest	5,950	5,524
Total equity	63,660	67,658
Non-current liabilities		
Hire purchase liabilities	356	472
Borrowings	10,982	12,291
Deferred tax liability	446	779
	11,784	13,542
Current liabilities		
Trade payables	10,509	10,074
Other payables	7,753	6,995
Derivative liabilities	297	-
Borrowings	4,066	5,100
Hire purchase liabilities	116	182
	22,741	22,351
TOTAL EQUITY AND LIABILITIES	98,185	103,551
Net assets per share (RM)*	1.64	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 THIRD QUARTER ENDED 31 MARCH 2017

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Non Distributable			Distributable		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	Total RM'000		
12 months ended 31 March 2016							
Balance at 1 April 2015	35,174	18,379	(827)	4,942	57,668	3,545	61,213
Foreign currency translation	-	-	60	-	60	(409)	(349)
Profit for the financial period	-	-	-	4,406	4,406	2,388	6,794
Balance at 31 March 2016	35,174	18,379	(767)	9,348	62,134	5,524	67,658
12 months ended 31 March 2017							
Balance at 1 April 2016	35,174	18,379	(767)	9,348	62,134	5,524	67,658
Foreign currency translation	-	-	(566)	-	(566)	(160)	(726)
Profit for the financial period	-	-	-	(3,858)	(3,858)	586	(3,272)
Balance at 31 March 2017	35,174	18,379	(1,333)	5,490	57,710	5,950	63,660

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 THIRD QUARTER ENDED 31 MARCH 2017

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	(Unaudited) 12 months ended 31/03/2017 RM'000	(Audited) 12 months ended 31/03/2016 RM'000
Operating Activities		
Net profit before tax	(3,578)	8,266
Adjustment for :-		
Depreciation and amortisation	2,263	2,553
inventories written off	21	114
Loss on disposal of property, plant and equipment	478	583
Write down of inventories	393	578
Property, plant and equipment written off	218	6
Impairment loss on goodwill	5,000	-
(Reversal of)/Impairment Loss on trade receivables	266	(32)
Fair value changes in other investment	(125)	-
Interest costs	987	1,823
Interest income	(77)	(115)
Unrealised derivative (gain)/ loss	297	(1,955)
Unrealised foreign exchange (gain)/loss	(226)	676
	<hr/>	<hr/>
Operating profit before changes in working capital	5,917	12,497
Changes in working capital		
Inventories	4,925	13,756
Trade and other receivables	(6,069)	31,944
Trade and other payables	1,193	(35,975)
	<hr/>	<hr/>
Net cash generated from operating activities	5,966	22,222
Income tax paid	(313)	(438)
Tax refund	-	516
	<hr/>	<hr/>
Net cash generated from operating activities	5,653	22,300
Investing Activities		
Interest received	77	115
Proceeds from disposal of property, plant and equipment	1,665	577
Purchase of property, plant and equipment	(138)	(832)
Placement of other investment	(5,700)	(300)
	<hr/>	<hr/>
Net cash generated from investing activities	(4,096)	(440)
Financing Activities		
Net (repayment)/drawdown of bank borrowings	(854)	(26,597)
Net repayment of term loan	(1,488)	(1,384)
Net repayment of hire purchase liabilities	(182)	(1,185)
Interest paid	(987)	(1,823)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(3,511)	(30,989)
	<hr/>	<hr/>
Net change in cash and cash equivalents	(1,954)	(9,129)
Effect of exchange rate fluctuation on cash held	(864)	(614)
Cash and cash equivalents at beginning of year	8,667	18,410
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	5,849	8,667
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Cash and cash equivalent comprise of:-		
Deposit with licensed bank	-	-
Cash and bank balances	5,849	8,667
Bank overdraft	-	-
	<hr/>	<hr/>
	5,849	8,667
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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 31 March 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 31 March 2017.

14. REVIEW OF PERFORMANCE

For the current quarter ended 31 March 2017, the Group recorded a revenue of RM18.3 million, an increase of 10.2% or RM1.7 million as compared to a revenue of RM16.6 million recorded in the preceding corresponding quarter ended 31 March 2016. The Group recorded a net loss before tax of RM2.0 million for the current quarter under review as compared to a net loss before tax of RM0.1 million in the preceding corresponding quarter ended 31 March 2016. The increase in net loss before tax for the current quarter under review was mainly attributable to impairment loss on goodwill of RM3.0 million.

The Group recorded a revenue of RM70.6 for the financial period ended 31 March 2017, a decrease of RM58.4 million or 45.3% as compared to RM129 million recorded for financial period ended 31 March 2016. The group recorded a loss before tax of RM3.6 million for the current year under review as compared to profit before tax of RM8.3 in the preceding corresponding year. The loss before tax for the current year under review was mainly attributable to lower sales volume achieved and recognition of impairment loss on goodwill of RM5.0 million.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

Revenue of the Group increased by 27.1% to RM18.3 million for the current quarter under review as compared to RM14.4 million recorded in the immediate preceding quarter ended 31 December 2016. Despite of the increase of sales volume, the Group recorded a net loss before tax of RM2.0 million as compared to a net loss before tax of RM1.9 million for the immediate preceding quarter. This was mainly attributable to the impairment loss on goodwill of RM3.0 million recognised in the current quarter under review.

16. PROSPECTS

In view of the current economic condition, the Directors of the Group anticipate that the Group will achieve satisfactory performance for the next financial 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 31.03.2017 RM'000	Preceding Year Corresponding Quarter 31.03.2016 RM'000	Current Period To- Date 31.03.2017 RM'000	Preceding Year Corresponding Period 31.03.2016 RM'000
Malaysia income tax:				
- current taxation	(333)	1,358	(306)	1,472

The effective tax rate of the Group for the financial year ended 31 March 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 proposal at the date of this report.

20. BORROWINGS

Details of the Group's borrowings as at 31 March 2017 are as follows:

Current	RM'000
Unsecured: Hire purchase	116
Secured: Term loan	1,297
Trade bills	2,769
	<u>4,182</u>
Non-current	RM'000
Unsecured: Hire purchase	356
Secured: Term loan	10,982
	<u>11,338</u>

21. FINANCIAL INSTRUMENTS

Derivatives

As at 31 March 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	10,421	10,718	297

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 December 2016 and 31 March 2017 into realised and unrealised profits are as follows:

	As at 31.03.2017 RM'000	As at 31.12.2016 RM'000
Total retained profits of the Group:		
- Realised	(2,936)	(3,982)
- Unrealised	(516)	(653)
	<hr style="width: 100%; border: 0.5px solid black;"/> (3,452)	<hr style="width: 100%; border: 0.5px solid black;"/> (4,635)
 Consolidation adjustments	 8,942	 12,085
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Total retained profits as per statement of financial position	5,490	7,450
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24. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.17 RM' 000	Preceding Year Corresponding Quarter 31.03.16 RM' 000	Current Year To-date 31.03.17 RM' 000	Preceding Year Corresponding Period 31.03.16 RM' 000
Basic (loss)/earnings per share (LPS)/EPS				
Net (loss)/ profit attributable to shareholders	(1,960)	(1,215)	(3,858)	4,406
Weighted average number of ordinary shares in issue	35,174	35,174	35,174	35,174
Basic (LPS)/ EPS (sen)	(5.57)	(3.45)	(10.97)	12.53
Diluted (loss)/earnings per share (LPS)/EPS				
Net (loss)/profit attributable to shareholders	(1,960)	(1,215)	(3,858)	4,406
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