

Genetec Technology Berhad

[Company No.: 445537-W]

(Incorporated in Malaysia)

Interim Report for the

Third Quarter Ended

31 December 2005

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GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2005 RM'000	Preceding Year Corresponding Quarter 31/12/2004 RM'000	Current Year To-date 31/12/2005 RM'000	Preceding Year Corresponding Period 31/12/2004 RM'000
Revenue		9,071	7,943	28,313	20,229
Operating Expenses		(8,395)	(7,476)	(25,943)	(19,267)
Other Operating Income		20	5	47	99
Profit from Operations		696	472	2,417	1,061
Finance Costs		(114)	(70)	(279)	(143)
Profit Before Taxation		582	402	2,138	918
Taxation	19	(25)	(117)	(50)	(262)
Profit After Taxation		557	285	2,088	656
Minority Shareholders' Interests		-	-	-	-
Net profit for the financial period		557	285	2,088	656
Earnings per share (sen) :-	27				
Basic		0.52	NA	2.98	NA

Notes:

1 Comparative figures for the preceding year corresponding quarter and preceding year corresponding period have been prepared based on the actual results of Genetec Technology Berhad and its subsidiaries and associated company. On 25 June 2004, Genetec Technology Berhad acquired Genevision (M) Sdn Bhd and on 22 October 2004, FAS Technology Solution Sdn Bhd was incorporated.

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2005

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS

	Note	As at end of current quarter 31/12/2005 RM'000	As at preceding financial year end 31/3/2005 RM'000
Property, plant and equipment		3,363	3,515
Goodwill		271	329
Current assets			
Inventories		7,842	4,815
Trade receivables		16,009	10,821
Other receivables		781	1,432
Tax recoverable		333	296
Amount due from an associate		893	1,093
Cash and cash equivalents		14,460	2,745
		40,318	21,202
Current liabilities			
Trade payables		7,963	5,328
Other payables		2,614	662
Amount due to holding company		-	4,456
Amount due to related companies		-	1,870
Amount due to an associate		9	-
Borrowings	23	10,919	3,937
Hire purchase liabilities		141	149
		21,646	16,402
Net current assets		18,672	4,800
		22,306	8,644
Share capital		12,000	1,000
Reserves		9,538	6,901
Shareholders' funds		21,538	7,901
Long term liabilities			
Hire purchase liabilities		226	201
Deferred taxation liabilities		542	542
		768	743
		22,306	8,644
Net assets per share (RM)*		0.18	7.90

* Net assets per share attributable to shareholders of the Company : Shareholder's funds/Number of issued and paid-up ordinary shares

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2005

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Non Distributable Share Premium RM'000	Distributable Retained Profits RM'000	Total RM'000
<u>9 months ended 31 December 2005</u>				
Balance at 1 April 2005	1,000	-	6,901	7,901
Issuance of shares	11,000	6,000	(3,800)	13,200
Share issue expenses	-	(1,651)	-	(1,651)
Net profit for the financial period	-	-	2,088	2,088
Balance at 31 December 2005	<u>12,000</u>	<u>4,349</u>	<u>5,189</u>	<u>21,538</u>

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 2005

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	9 months ended 31/12/2005 RM'000	12 months ended 31/3/2005 RM'000
Net Profit Before Tax	2,138	2,169
Adjustment for :-		
Depreciation and amortisation	572	717
Other non-cash items	4	87
Non-operating items	(132)	(656)
Operating profit before changes in working capital	<u>2,582</u>	<u>2,317</u>
Changes in working capital		
Net change in current assets	(7,364)	(6,018)
Net change in current liabilities	412	3,869
Net cash (used in)/generated from operating activities	<u>(4,370)</u>	<u>168</u>
Investing Activities		
Equity Investments	-	(42)
Other Investments	(146)	(248)
Net cash used in investing activities	<u>(146)</u>	<u>(290)</u>
Financing Activities		
Proceeds from issue of shares	11,058	-
Payment of listing expenses	(1,651)	-
Net drawdown of bank borrowings	5,109	1,761
Repayment of hire purchase creditors	(159)	(161)
Interest paid	-	(161)
Net cash generated from financing activities	<u>14,357</u>	<u>1,439</u>
Net Change in Cash and Cash Equivalents	9,841	1,317
Cash and Cash Equivalents at beginning of period/year	2,745	1,428
Cash and Cash Equivalents at end of period/year	<u><u>12,586</u></u>	<u><u>2,745</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the Financial Year Ended 31 March 2005

NOTES TO THE INTERIM FINANCIAL REPORT

1 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the requirements of the Financial Reporting Standard (FRS) 134: Interim Financial Reporting (previously known as MASB 26) issued by Malaysian Accounting Standards Board ("MASB") and Appendix 7A of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ 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 year ended 31 March 2005.

The 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 annual financial statements for the year ended 31 March 2005.

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 2005.

3 SEASONALITY OR CYCLICALITY OF OPERATIONS

The business of the Group is not affected by any significant seasonal or cyclical factors.

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 a material effect in the current quarter under review.

6 ISSUANCE AND REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter except as disclosed below and shown on the Unaudited Condensed Consolidated Statement of Changes in Equity.

Bonus Issue

On 16 September 2005, Genetec implemented a Bonus Issue of 3,800,000 new ordinary shares in Genetec at an issue price of RM1.00 per share. Upon completion of the Bonus Issue, the issued and paid-up share capital of the Company increased from RM1,000,000.00 comprising 1,000,000 ordinary shares of RM1.00 each in Genetec to RM4,800,000.00 comprising 4,800,000 ordinary shares of RM1.00 each in Genetec.

Reduction in Par Value

On 17 September 2005, Genetec implemented a reduction in par value which involves sub-dividing every one (1) ordinary shares of RM1.00 each to ten (10) ordinary shares of RM0.10 each (Shares). Upon completion of the reduction in par value, the issued and paid-up share capital of the Company increased from RM4,800,000.00 comprising 4,800,000 ordinary shares of RM1.00 each in Genetec to RM4,800,000.00 comprising 48,000,000 ordinary shares of RM0.10 each in Genetec.

Rights Issue

On 21 September 2005, Genetec implemented a Rights Issue of 42,000,000 new ordinary shares in Genetec at an issue price of RM0.10 per share on the basis of seven (7) Shares for every eight (8) existing Shares held. Upon completion of the Rights Issue, the issued and paid-up share capital of the Company increased from RM4,800,000.00 comprising 48,000,000 ordinary shares of RM0.10 each in Genetec to RM9,000,000.00 comprising 90,000,000 ordinary shares of RM0.10 each in Genetec.

Initial Public Offering (IPO) Exercise

On 29 September 2005, Genetec issued a prospectus pursuant to its listing on the MESDAQ Market of Bursa Malaysia Securities Berhad (Bursa Securities). The IPO, involved the public issue of 30,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.30 per new ordinary share comprising:

- (a) 22,000,000 new ordinary shares of RM0.10 each made available for application by way of private placement;
- (b) 6,000,000 new ordinary shares of RM0.10 each reserved for eligible employees and persons who have contributed to Genetec's success; and
- (c) 2,000,000 new ordinary shares of RM0.10 each made available for application by the public.

All the above 30,000,000 ordinary shares of RM0.10 each in Genetec were issued and fully paid up upon completion of the IPO. Genetec was listed on the MESDAQ Market of Bursa Securities on 7 November 2005.

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 quarter ended 31 December 2005.

11 CHANGES IN THE COMPOSITION OF THE GROUP

There was no change in the composition of the Group for the current financial period under review.

12 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 31 December 2005 and up to the date of this report.

13 CAPITAL COMMITMENTS

There were no capital commitments as at the date of this announcement.

14 SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions as at the date of this announcement.

15 REVIEW OF PERFORMANCE

The Group revenue for the financial period ended 31 December 2005 was RM28.31 million with net profit of RM2.09 million. As compared to the preceding year's corresponding period, the revenue and net profit have increased by RM8.08 million (40%) and RM1.43 million (218%) respectively. The increase is mainly due to strong growth in the Hard Disk Drive segment. The higher volume of sales for replication of prototypes together with better product mix has also contributed to higher margins.

16 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved revenue of RM9.07 million for the quarter under review, a decrease of RM3.17million or 26% as compared to the previous quarter of RM12.24 million. The decrease was mainly caused by the timing of delivery schedule of machines ordered by customers.

17 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Directors of the Group anticipate the performance of the Group to remain satisfactory on the back of continuing growth in the Hard Disk Drive Industry.

18 VARIANCE ON PROFIT FORECAST/PROFIT GUARANTEE

Not applicable as there was no profit forecast or profit guarantee.

19 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.05	Preceding Year Corresponding Quarter 31.12.04	Current Year To-date 31.12.05	Preceding Year Corresponding Period 31.12.04
Malaysian income tax:				
- current taxation	25,000	117,000	50,000	262,000

The effective tax rate of the Group for the period ended 31 December 2005 was lower than the statutory tax rate due to the availability of pioneer status tax incentive.

20 PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There were no purchases or disposals of unquoted investment and/or properties during the current financial period under review.

21 QUOTED SECURITIES

There were no purchases or disposals of quoted securities during the current quarter and financial year to date under review.

22 STATUS OF CORPORATE PROPOSAL

As at the last practicable date, there is no corporate proposal announced but not completed.

23 BORROWINGS

Details of the Group's short term borrowings as at 31 December 2005 are as follows:

<u>Current - Unsecured</u>	RM
Bank overdraft	1,873,471
Trade bills	9,046,000
Total Borrowing	<u>10,919,471</u>

24 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 15 February 2006 (being the latest practicable date which is not later than 7 days from the date of issuance of this quarterly report), the foreign exchange currency contracts ("FCY") which have been entered into by the Group are as follows:

Currency	Contract amount in FCY'000	Date of contract	Value date of Contract	Equivalent amount in RM'000
US Dollar	500	22/11/2005	24/3/2006	1,879

As the above foreign currency contracts are entered into to cover the Group's commitments in foreign currencies, the contracted rates will be used to translate the underlying foreign currency transactions into Ringgit Malaysia. The above contracts are entered into with licensed banks.

The Company does not foresee any significant credit and market risks posed by the above off balance sheet financial instruments.

There is no cash requirement as the Company uses fixed forward foreign exchange contracts as its hedging instrument.

25 MATERIAL LITIGATIONS

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 does not know of any proceedings pending or threatened, or of fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

26 DIVIDENDS

The Directors do not propose any dividend for the period under review.

27 EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.05	Preceding Year Corresponding Quarter 31.12.04	Current Year To-date 31.12.05	Preceding Year Corresponding Period 31.12.04
Basic earning per share (EPS)				
Net profit attributable to Shareholders	557,237	N/A	2,087,539	N/A
Weighted average number of ordinary shares in issue	107,608,696	N/A	70,080,000	N/A
Basic EPS (sen)	0.52	N/A	2.98	N/A

28 UTILISATION OF PROCEEDS

As per Genetec's prospectus dated 29 September 2005, the gross proceeds raised from the IPO amounted to RM11.06 million.

The utilisation of the proceeds from the IPO as at 31 December 2005 is shown in the table below:

Purpose	Gross proceeds raised RM'000	Utilisation of Proceeds as at 31 December 2005 RM'000	Balance RM'000
Working capital	9,858	3,102	6,756
Estimated listing expenses	1,200	1,200	-
TOTAL	11,058	4,302	6,756

By Order of the Board

Genetec Technology Berhad

Tan Kon Hoan
Finance Manager
Selangor Darul Ehsan
21 February 2006