



(incorporated in Malaysia)

Interim Report for the

Third Quarter Ended

31 December 2008

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GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2008

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	<u>Note</u>	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2008 RM'000	Preceding Year Corresponding Quarter 31/12/2007 RM'000	Current Year To-date 31/12/2008 RM'000	Preceding Year Corresponding Period 31/12/2007 RM'000
Revenue		10,413	12,356	37,774	43,049
Operating expenses		(9,242)	(11,021)	(33,139)	(38,855)
Share based-payment under ESOS		-	-	-	-
Other operating income		109	84	3,057	137
Profit from operations		1,280	1,419	7,692	4,331
Finance costs		(71)	(75)	(168)	(256)
Profit before taxation		1,209	1,344	7,524	4,075
Taxation	18	(50)	(50)	(150)	(150)
Net profit for the financial period		<u>1,159</u>	<u>1,294</u>	<u>7,374</u>	<u>3,925</u>
Attributable to:					
Equity holders of the parent		1,159	1,294	7,374	3,925
Minority shareholders' interests		-	-	-	-
		<u>1,159</u>	<u>1,294</u>	<u>7,374</u>	<u>3,925</u>
Earnings/(loss) per share (sen) :-	26				
(a) Basic		<u>0.96</u>	<u>1.07</u>	<u>6.10</u>	<u>3.26</u>
(b) Fully diluted		<u>0.95</u>	<u>1.05</u>	<u>6.01</u>	<u>3.20</u>

Note N/A : Not Applicable

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
 INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at end of current quarter 31/12/2008 RM'000	(Audited) As at preceding financial year ended 31/03/2008 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,930	6,827
Prepaid lease payments	2,765	2,808
Current assets		
Inventories	7,226	7,460
Trade receivables	4,298	10,349
Other receivables	487	719
Other receivables - Construction work-in-progress	8,971	1,843
Current tax asset	111	201
Amount due from an associate	147	278
Cash and cash equivalents	12,027	2,847
	33,267	23,697
TOTAL ASSETS	42,962	33,332
EQUITY AND LIABILITIES		
Share capital	12,081	12,081
Reserves	15,487	10,529
Equity attributable to equity holders of the parent	27,568	22,610
Minority shareholder's interest	-	-
Total equity	27,568	22,610
Non-current liabilities		
Hire purchase liabilities	22 266	297
Borrowings	22 7,896	1,472
Deferred tax liability	18	18
Current liabilities		
Trade payables	4,845	5,927
Other payables	1,740	1,432
Borrowings	22 73	1,009
Hire purchase liabilities	22 556	567
	7,214	8,935
	42,962	33,332
Net assets per share (RM)*	0.23	0.19

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 Balance Sheets should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2008

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital RM'000	Non Distributable		Distributable	Total RM'000
		Share Premium RM'000	Other Reserve RM'000	Retained Profits RM'000	
<u>9 months ended 31 December 2007</u>					
Balance at 1 April 2007	12,014	4,244	1,776	104	18,138
Net profit for the financial period	-	-	-	3,925	3,925
Share option exercised	60	119	-	-	179
Dividends	-	-	-	(1,207)	(1,207)
Balance at 31 December 2007	12,074	4,363	1,776	2,822	21,035
<u>9 months ended 31 December 2008</u>					
Balance at 1 April 2008	12,081	4,498	1,459	4,572	22,610
Net profit for the financial period	-	-	-	7,374	7,374
Dividends	-	-	-	(2,416)	(2,416)
Balance at 31 December 2008	12,081	4,498	1,459	9,530	27,568

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 2008 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2008

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	(Unaudited) 9 months ended 31/12/2008 RM'000	(Unaudited) 9 months ended 31/12/2007 RM'000
Operating Activities		
Net profit before tax	7,524	4,075
Adjustment for :-		
Depreciation and amortisation	822	757
Other non-cash items	(29)	28
Non-operating items	202	339
	<hr/>	<hr/>
Operating profit/(loss) before changes in working capital	8,519	5,199
Changes in working capital		
Net change in current assets	(478)	(218)
Net change in current liabilities	(835)	1,351
	<hr/>	<hr/>
Net cash generated (used in)/from operating activities	7,206	6,332
	<hr/>	<hr/>
Investing Activities		
Interest received	19	148
Dividend paid	(2,416)	-
Proceeds from disposal of property, plant and equipment	99	-
Purchase of property, plant and equipment	(1,029)	(1,185)
	<hr/>	<hr/>
Net cash used in investing activities	(3,327)	(1,037)
	<hr/>	<hr/>
Financing Activities		
Proceeds from issue of shares	-	179
Repayment of bank borrowings	(937)	(1,210)
Net drawdown of term loan	6,425	-
Drawdown of hire purchase liabilities	400	-
Repayment of hire purchase liabilities	(442)	(662)
Interest paid	(145)	-
	<hr/>	<hr/>
Net cash generated/(used in) from financing activities	5,301	(1,693)
	<hr/>	<hr/>
Net change in cash and cash equivalents	9,180	3,602
Cash and cash equivalents at beginning of year	2,847	3,428
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	12,027	7,030
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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 Financial Reporting Standard ("FRS") 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 MESDAQ Market.

The same 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 2008.

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 2008.

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 2008.

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 2008.

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 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 had a material effect on the results for the current quarter under review.

6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

On 19 October 2005, the Company offered 11,653,000 ESOS option at an exercise price of RM0.30 to eligible employees of the Group, being the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer with a discount of not more than 10%. All the employees accepted the offer.

As at 31 December 2008, 2,940,000 options had lapsed, 808,000 options were exercised and 7,905,000 options remained unexercised.

There were no cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review.

7. DIVIDEND PAID

The Board of Directors had declared a second interim tax exempt dividend of 1 sen per ordinary share of RM0.10 each, totaling RM1.208 million in respect of the financial year ending 31 March 2009 on 12 November 2008, which was subsequently paid on 16 December 2008. Total dividend declared and paid to date in respect of the financial year ending 31 March 2009 is 2 sen per ordinary share of RM0.10 each, totaling RM2.416 million.

For the corresponding period of the preceding year, an interim dividend of 1 sen per ordinary share of RM0.10 each, totaling RM1.207 million, was declared and paid on 18 December 2007 and 18 January 2008, respectively.

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 December 2008 and up to the date of this report.

13. CAPITAL COMMITMENTS

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 31 December 2008 are as follows:

	RM'000
Property, plant and equipment Approved and contracted for	<u>913</u>
Leasing commitments	
Due within 12 months	206
Between 1 and 5 years	-
	<u>206</u>

14. REVIEW OF PERFORMANCE

For the current quarter ended 31 December 2008, the Group recorded revenue of approximately RM10.4 million, which represents a decrease of 16.13% as compared to revenue of approximately RM12.4 million for the corresponding quarter of the preceding year. The decrease in revenue is mainly due to lower sales generated as customers are more prudent in their capital expenditure spending due to the downturn of the global economy. Despite the decrease of 16.13% in revenue, the Group recorded only a slight decrease in profit before taxation, from approximately RM1.3 million for the quarter ended 31 December 2007 to approximately RM1.2 million for the current quarter as profit before tax margin improved from 10.9% for the quarter ended 31 December 2007 to 11.6% for the current quarter under review.

For the nine (9)-months period ended 31 December 2008, the Group registered revenue of approximately RM37.8 million, a 12.1% decrease from the preceding year's corresponding period of approximately RM43.0 million as customers adopt a more prudent approach towards capital expenditure caused by the downturn of the global economy. For the same nine (9)-months period, the Group's profit before taxation of approximately RM7.5 million is inclusive of RM2.7 million government grant income received as reimbursement of research & development of projects in the automotive and hard disk drive industries and training activities. For comparison purposes, the Group recorded higher profit before taxation of approximately RM4.8 million (without the grant income) as against approximately RM4.0 million for the corresponding period of the preceding year. This is due to improvement of profit before tax margin from 9.5% to 12.7% due to undertaking of projects with higher margin.

15. COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue for the current quarter under review was approximately RM10.4 million, a decrease of 26.8% as compared to approximately RM14.2 million recorded in the immediate preceding quarter ended 30 September 2008. The decrease in revenue was mainly caused by lower sales volume achieved as customers are being more prudent in their capital expenditure spending due to the downturn of the global economy. In tandem with the lower revenue, the Group recorded profit before taxation of approximately RM1.2 million, a decline of 36.8% compared to approximately RM1.9 million achieved for the immediate preceding quarter ended 30 September 2008.

16. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The global economic slowdown has begun impact on Genetec's business as evident from the strategies undertaken by its larger multinational customers in reducing and delaying the timing of their capital expenditure spending. However, with the balance order book in hand for the remaining financial year, the Directors of Genetec expects the Group to turn in an overall better performance for the financial year ending 31 March 2009.

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 31.12.2008 RM'000	Preceding Year Corresponding Quarter 31.12.2007 RM'000	Current Period To- Date 31.12.2008 RM'000	Preceding Year Corresponding Period 31.12.2007 RM'000
Malaysian income tax:				
- current taxation	(50)	(50)	(150)	(150)

The effective tax rate of the Group for the financial period ended 31 December 2008 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

19. PROFIT OR LOSS ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investment and/or properties during the current financial period under review and the financial year to-date.

20. PURCHASE OR DISPOSAL OF QUOTED SECURITIES

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

21. STATUS OF CORPORATE PROPOSAL

There are no corporate proposals announced but not completed as at the date of this report.

22. BORROWINGS

Details of the Group's borrowings as at 31 December 2008 are as follows:

Current	RM'000
Unsecured: Hire purchase	556
Secured: Term loan	<u>73</u>
	<u>629</u>
Non-current	RM'000
Unsecured: Hire purchase	266
Secured: Term loan	<u>7,896</u>
	<u>8,162</u>

23. UTILISATION OF PROCEEDS

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

The proceeds was fully utilised by the third quarter of the financial year ended 31 March 2008.

24. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at 10 February 2009 (being the latest practicable date which is not earlier than 7 days from the date of issuance of this interim report) except for the following:

Contract amount in USD'000	Date of contract	Value date of contract	Equivalent amount in RM'000
2,800	24.07.2008	14.08.2009	9,493

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.

The accounting policies for the off balance sheet financial instruments are as follows:-

The Group enters into foreign currency forward contracts as a hedge against foreign trade receivable. Market value gains and losses are recognised and the resulting credit or debit offsets foreign exchange gains or losses on those receivables.

25. 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.

GENETEC TECHNOLOGY BERHAD
 Company No. 445537-W
 Interim report for the third quarter ended 31 December 2008

26. EARNINGS PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.08 RM' 000	Preceding Year Corresponding Quarter 31.12.07 RM' 000	Current Year To-date 31.12.08 RM' 000	Preceding Year Corresponding Period 31.12.07 RM' 000
Basic earnings per share EPS				
Net profit attributable to shareholders	1,159	1,294	7,374	3,925
Weighted average number of ordinary shares in issue	120,808	120,607	120,808	120,311
Basic EPS/(LPS) (sen)	0.96	1.07	6.10	3.26
Diluted earnings per share EPS				
Net profit attributable to shareholders	1,159	1,294	7,374	3,925
Weighted average number of ordinary shares in issue	122,624	122,919	122,624	122,623
Diluted EPS (sen)	0.95	1.05	6.01	3.20

By Order of the Board

Genetec Technology Berhad

Tan Kon Hoan
 Finance Manager
 Selangor Darul Ehsan
 17 February 2009