



(Incorporated in Malaysia)

Interim Report for the

Third Quarter Ended

31 December 2011

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GENETEC TECHNOLOGY BERHAD (445537-W)  
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The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 31/12/2011 RM'000	Preceding Year Corresponding Quarter 31/12/2010 RM'000	Current Year To-date 31/12/2011 RM'000	Preceding Year Corresponding Period 31/12/2010 RM'000
Revenue		31,228	36,324	110,649	95,595
Cost of sales		(26,696)	(28,663)	(92,888)	(73,492)
Gross profit		4,532	7,661	17,761	22,103
Interest income		37	27	167	54
Other operating income		260	15	1,016	263
Distribution expenses		(888)	(522)	(2,678)	(1,352)
Administrative expenses		(3,317)	(1,005)	(8,698)	(3,548)
Other operating expenses		(3,580)	(350)	(3,797)	(567)
Depreciation and amortisation		(666)	(374)	(1,972)	(955)
(Loss)/Profit from operations		(3,622)	5,452	1,799	15,998
Finance costs		(718)	(318)	(2,036)	(694)
Net gain/(loss) on financial assets and financial liabilities at fair value		249	(159)	31	1,701
Share of profit in associate		65	-	65	40
(Loss)/Profit before taxation		(4,026)	4,975	(141)	17,045
Taxation	18	(25)	(1,769)	(589)	(2,967)
(Loss)/Profit for the financial period		(4,051)	3,206	(730)	14,078
Other comprehensive income, net of tax					
Foreign currency translation differences of foreign operations		(77)	-	(152)	-
Total comprehensive income for the financial period		(4,128)	3,206	(882)	14,078
(Loss)/Profit attributable to:					
Equity holders of the parent		(4,385)	1,835	(1,508)	11,314
Non-controlling interest		334	1,371	778	2,764
		(4,051)	3,206	(730)	14,078
Total comprehensive income attributable to:					
Equity holders of the parent		(4,462)	1,835	(1,660)	11,314
Non-controlling interest		334	1,371	778	2,764
		(4,128)	3,206	(882)	14,078
(Loss)/Earning per share (sen) :-	24				
(a) Basic		(1.25)	0.52	(0.43)	3.80
(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 2011 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)  
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		(Unaudited) As at end of current quarter <u>Note</u> 31/12/2011 RM'000	(Audited) As at preceding financial year ended 31/03/2011 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		42,834	28,352
Investment in associate company		86	21
Intangible assets		38,216	26,015
		81,136	54,388
<b>Current assets</b>			
Inventories		18,057	16,163
Trade receivables		40,575	34,645
Derivative assets	21	-	798
Other receivables		3,835	5,911
Current tax asset		534	-
Cash and cash equivalents		3,280	15,005
		66,281	72,522
<b>TOTAL ASSETS</b>		147,417	126,910
<b>EQUITY AND LIABILITIES</b>			
Share capital		35,174	35,174
Reserves		32,252	37,743
<b>Equity attributable to equity holders of the parent</b>		67,426	72,917
Non-controlling interest		5,982	8,626
<b>Total equity</b>		73,408	81,543
<b>Non-current liabilities</b>			
Hire purchase liabilities	20	1,780	1,956
Borrowings	20	19,113	6,763
Deferred tax liability		586	586
<b>Current liabilities</b>			
Trade payables		15,997	11,369
Derivative liabilities	21	84	-
Other payables		7,208	4,512
Current tax liability		34	1,528
Amount due to associate company		78	-
Borrowings	20	28,504	18,001
Hire purchase liabilities	20	625	652
		52,530	36,062
		147,417	126,910
<b>Net assets per share (RM)*</b>		0.19	0.21

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 2011 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)  
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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	Share Option Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000	Total RM'000		
<b>9 months ended 31 December 2010</b>								
Balance at 1 April 2010	12,131	4,690	1,185	-	14,606	32,612	-	32,612
Total comprehensive income for the period	-	-	-	-	11,314	11,314	2,764	14,078
Issuance of shares from exercise of share option	10,882	17,006	-	-	-	27,888	-	27,888
Issuance of shares from bonus issue	12,161	(4,498)	-	-	(7,663)	-	-	-
Transfer to share premium for share option exercised	-	1,181	(1,181)	-	-	-	-	-
Transfer to retained earnings for share option lapsed	-	-	(4)	-	4	-	-	-
Dilution of interests in a subsidiary	-	-	-	-	-	-	100	100
Acquisition of a subsidiary	-	-	-	-	-	-	5,857	5,857
<b>Balance at 31 December 2010</b>	<b>35,174</b>	<b>18,379</b>	<b>-</b>	<b>-</b>	<b>18,261</b>	<b>71,814</b>	<b>8,721</b>	<b>80,535</b>
<b>9 months ended 31 December 2011</b>								
Balance at 1 April 2011	35,174	18,379	-	(3)	19,367	72,917	8,626	81,543
Total comprehensive income for the period	-	-	-	(152)	(1,508)	(1,660)	778	(882)
Issuance of shares from exercise of share option	-	-	-	-	-	-	-	-
Issuance of shares from bonus issue	-	-	-	-	-	-	-	-
Transfer to share premium for share option exercised	-	-	-	-	-	-	-	-
Transfer to retained earnings for share option lapsed	-	-	-	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	(314)	(314)	(482)	(796)
Dividends to owners of the Company	-	-	-	-	(3,517)	(3,517)	(2,940)	(6,457)
<b>Balance at 31 December 2011</b>	<b>35,174</b>	<b>18,379</b>	<b>-</b>	<b>(155)</b>	<b>14,028</b>	<b>67,426</b>	<b>5,982</b>	<b>73,408</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 2011 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)  
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<u>Note</u>	(Unaudited) 9 months ended 31/12/2011 RM'000	(Unaudited) 9 months ended 31/12/2010 RM'000
<b>Operating Activities</b>		
	(141)	17,045
Net( loss) / profit before tax		
<b>Adjustment for :-</b>		
	1,972	1,239
	1,345	-
	(8)	-
	1,723	590
	(167)	(54)
	(65)	(40)
	(31)	(1,701)
	(334)	(162)
	4,294	16,917
<b>Operating profit before changes in working capital</b>		
<b>Changes in working capital</b>		
	(1,894)	9,534
	(1,752)	7,240
	1,072	(19,847)
	1,720	13,844
	(2,617)	(1,771)
<b>Net cash generated from operating activities</b>		
	(897)	12,073
<b>Net cash generated (used in)/from operating activities</b>		
<b>Investing Activities</b>		
	(8,337)	8,527
	167	54
	(3,517)	-
	159	284
	(5,621)	(2,630)
	(17,149)	6,235
<b>Net cash (used in)/from investing activities</b>		
<b>Financing Activities</b>		
	-	1,967
	-	100
	9,207	(5,302)
	(808)	(593)
	(203)	(142)
	(1,723)	(590)
	6,473	(4,560)
<b>Net cash generated from/(used in) financing activities</b>		
	(11,573)	13,748
Net change in cash and cash equivalents		
	(152)	-
Effect of exchange rate fluctuation on cash held		
	15,005	3,259
Cash and cash equivalents at beginning of year		
	3,280	17,007
Cash and cash equivalents at end of period/year		

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

The figures have not been audited

**Note 1**

In April 2011, Genetec Global Technologies, Inc. ("**GT Global Tech**"), a wholly-owned subsidiary of Genetec had acquired 10,071.99 shares of Class A Common Stock, representing of 60% equity interest in IP Systems, Inc ("**IPS**") for a total cash consideration of RM7.05 million.

The fair value of the net assets acquired and cash flow arising from the acquisition is as follows:-

	<b>RM'000</b>
Property, plant and equipment	388
Intangible assets	4,317
Trade and other receivables	854
Cash and cash equivalent	416
Trade and other payables	(2,402)
Bank borrowings	(4,968)
	<hr/>
	(1,395)
Non-controlling interest	558
	<hr/>
Net assets	(837)
Goodwill	7,884
	<hr/>
Purchase consideration	7,047
Cash and cash equivalent of a subsidiary acquired	(416)
Net cash outflow for acquisition in a subsidiary company	<hr/> <hr/> 6,631

In April 2011, CLT Engineering Sdn Bhd ("**CLT**"), a 51%-owned subsidiary of Genetec had acquired 100% equity interest in CLT Engineering (Thailand) Co. Ltd ("**CLT Thai**") for a total consideration of RM1.45 million to be fully satisfied in cash.

The fair value of the net assets acquired and cash flow arising from the acquisition is as follows:-

	<b>RM'000</b>
Property, plant and equipment	1,108
Trade and other receivables	8
Cash and cash equivalent	82
Trade and other payables	(993)
	<hr/>
	205
Non-controlling interest	(100)
	<hr/>
Net assets	105
Goodwill	1,345
	<hr/>
Purchase consideration, satisfied in cash	1,450
Cash and cash equivalent of a subsidiary acquired	(82)
Net cash outflow for acquisition in a subsidiary company	<hr/> <hr/> 1,368

The goodwill arising from the acquisition of CLT Thai is expensed off as CLT Thai has no business operations as at the acquisition date, hence not qualifying as a business under the definition of FRS 3.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

The figures have not been audited

**Note 1**

In December 2011, GT Global Tech had further acquired another five (5) shares in the common stock of Systems South, Inc. ("**Systems South**") for a cash consideration of RM337,600.

The net cash flow arising from further acquisition is as follows:-

	<b>RM'000</b>
Purchase consideration, satisfied in cash	338
Cash and cash equivalent of a subsidiary acquired	-
Net cash outflow for acquisition in a subsidiary company	<u><u>338</u></u>

## **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 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 2011.

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 2011.

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 2011.

### **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 2011.

### **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 except for the impact of acquiring IPS, CLT Thai and further acquisition of Systems South as disclosed in note 11.

### **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**

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



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**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.

The Group's operations are operated in Malaysia and USA. Therefore, geographical segmental information is presented as follows:-

	<b>Malaysia RM'000</b>	<b>USA RM'000</b>	<b>Consolidated RM'000</b>
<b>Results For 9 Months Period Ended 31 December 2011</b>			
Revenue from external customers	92,563	18,086	110,649
Segment result	7,686	(5,887)	1,799
<b>Results from operating activities</b>			1,799
Finance costs			(2,036)
Net gain on financial assets and financial liabilities at fair value			31
Share of profit of associate company			65
<b>Loss before taxation</b>			(141)
Tax expenses			(589)
<b>Loss for the financial period</b>			<u>(730)</u>

	<b>Malaysia RM'000</b>	<b>USA RM'000</b>	<b>Consolidated RM'000</b>
<b>Results For 9 Months Period Ended 31 December 2010</b>			
Revenue from external customers	95,595	-	95,595
Segment result	15,998	-	15,998
<b>Results from operating activities</b>			15,998
Finance costs			(694)
Net gain on financial assets and financial liabilities at fair value			1,701
Share of profit of associate company			40
<b>Profit before taxation</b>			17,045
Tax expenses			(2,967)
<b>Profit for the financial period</b>			<u>14,078</u>

**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**

GT Global Tech had acquired 10,071.99 shares of Class A Common Stock, representing 60% equity interest in IPS.

Following the acquisition, IPS became a 60%-owned subsidiary of GT Global Tech and is consolidated as part of Group effective from April 2011.

In April 2011, CLT, a 51%-owned subsidiary of Genetec had acquired 100% equity interest in CLT Thai for a total consideration of RM1.45 million to be fully satisfied in cash.

Following the acquisition, CLT Thai became a 100%-owned subsidiary of CLT and is consolidated as part of Group effective from April 2011.

In December 2011, GT Global Tech had further acquired another five (5) shares in the common stock of Systems South, Inc. ("**Systems South**") for a cash consideration of RM337,600.

Following the further acquisition, Systems South became a 85%-owned subsidiary of GT Global Tech.

**12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets as at 31 December 2011 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 December 2011.

**14. REVIEW OF PERFORMANCE**

For the current quarter ended 31 December 2011, the Group registered revenue of approximately RM31.2 million, 14.1% declined as compared to approximately RM36.3 million for the corresponding quarter of the preceding year. 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 negative impact of the flood in Thailand. As for the financial period to date, the Group's revenue for financial period to date increased by approximately RM15.1 million (15.8%) as compared to the corresponding period. This was mainly attributable to the revenue contribution from our subsidiaries.

For the three 3-months period ended 31 December 2011, the Group recorded a loss before taxation of approximately RM4.0 million for the current quarter as compared to profit before taxation of RM5.0 million in the preceding year corresponding quarter. This was mainly attributable to approximately RM1.4 million one off goodwill written-off for the acquisition of CLT Thai and higher operating costs resulting from the consolidation of Genetec's subsidiaries. For the nine 9-months period ended 31 December 2011, the pretax profit has decreased significantly by approximately RM17.2 million (100.8%) as compared to the preceding year corresponding period. This was mainly due to the reasons as stated above.

**15. COMPARISON WITH PRECEDING QUARTER'S RESULTS**

The Group's revenue for the current quarter under review was approximately RM31.2 million, a decrease of approximately 21.8% as compared to approximately RM39.9 million recorded in the immediate preceding quarter ended 30 September 2011. The Group registered a pretax loss position of approximately RM4.0 million as compared with a pretax profit position of approximately RM1.9 million for the immediate preceding quarter.

**16. PROSPECTS**

The global economic outlook remains fluid. Going forward, the global economic recovery is expected to remain uneven across the different region. The outlook for the manufacturing sector, in which the Group operates in, have become more cautionary in nature.

However, Hard Disk Drive ("HDD") industry has bounced back after the flooding in Thailand due to pent-up demand for HDD components.

Therefore, the Directors of the Group is cautiously positive on the Group performance for the remaining quarter and next coming financial year as supported by current strong secured book order.

**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	Preceding Year Corresponding Quarter	Current Period To-Date	Preceding Year Corresponding Period
31.12.2011	31.12.2010	31.12.2011	31.12.2010
RM'000	RM'000	RM'000	RM'000

In respect of current year:				
- income tax	(25)	(1,769)	(589)	(2,967)

The effective tax rate of the Group for the financial period ended 31 December 2011 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 December 2011 are as follows:

<b>Current</b>	<b>RM'000</b>
Unsecured: Hire purchase	625
Secured: Term loan	1,227
Trade bills	<u>27,277</u>
Total current loans and borrowings	<u>29,129</u>
<b>Non-current</b>	<b>RM'000</b>
Unsecured: Hire purchase	1,780
Secured: Term loan	<u>19,113</u>
Total non-current loans and borrowings	<u>20,893</u>

**21. FINANCIAL INSTRUMENTS**

Derivatives

As at 31 December 2011, 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	17,026	17,110	84

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 30 September 2011 and 31 December 2011, into realised and unrealised profits, pursuant to the directive is as follows:

	<b>As at 31.12.2011 RM'000</b>	<b>As at 30.09.2011 RM'000</b>
Total retained profits of the Group:		
- Realised	17,103	17,857
- Unrealised	(87)	292
	<hr/> 17,016	<hr/> 18,149
Total share of retained profits from an associate		
- Realised	37	(28)
- Unrealised	-	-
	<hr/> 17,053	<hr/> 18,120
Less: Consolidation adjustments	<hr/> (3,025)	<hr/> 608
Total retained profits as per statement of financial position	<hr/> 14,028	<hr/> 18728

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**24. EARNINGS PER SHARE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.11 RM' 000	Preceding Year Corresponding Quarter 31.12.10 RM' 000	Current Year To-date 31.12.11 RM' 000	Preceding Year Corresponding Period 31.12.10 RM' 000
<b>Basic (loss)/earnings per share (LPS)/EPS</b>				
Net (loss)/profit attributable to equity holders of the parent	(4,385)	1,835	(1,508)	11,314
Weighted average number of ordinary shares in issue	351,738	351,738	351,738	297,550
Basic (LPS)/EPS (sen)	(1.25)	0.52	(0.43)	3.80
<b>Diluted (loss)/earnings per share (LPS)/EPS</b>				
Net (loss)/profit attributable to equity holders of the parent	(4,385)	1,835	(1,508)	11,314
Weighted average number of ordinary shares in issue	N/A	N/A	N/A	N/A
Diluted (LPS)/EPS (sen)	N/A	N/A	N/A	N/A