



(Incorporated in Malaysia)

Interim Report for the

Third Quarter Ended

31 December 2012

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GENETEC TECHNOLOGY BERHAD (445537-W)  
 INTERIM REPORT FOR THE THIRD QUARTER ENDED 31 DECEMBER 2012

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
		31/12/2012 RM'000	31/12/2011 RM'000	31/12/2012 RM'000	31/12/2011 RM'000
Revenue		46,700	31,228	138,008	110,649
Cost of sales		(40,213)	(26,696)	(118,350)	(92,888)
Gross profit		6,487	4,532	19,658	17,761
Interest income		33	37	100	167
Other operating income		124	260	2,326	1,016
Distribution expenses		(1,937)	(888)	(5,210)	(2,678)
Administrative expenses		(3,267)	(3,317)	(11,054)	(8,698)
Other operating expenses		(114)	(3,580)	(262)	(3,797)
Depreciation and amortisation		(749)	(666)	(2,209)	(1,972)
Profit from operations		577	(3,622)	3,349	1,799
Finance costs		(753)	(718)	(2,362)	(2,036)
Net gain/(loss) on financial assets and financial liabilities at fair value		(19)	249	1,172	31
Share of profit in associate			65		65
(Loss)/profit before taxation		(195)	(4,026)	2,159	(141)
Taxation	18	265	(25)	73	(589)
Profit/(loss) for the financial period		70	(4,051)	2,232	(730)
Other comprehensive income, net of tax					
Foreign currency translation differences of foreign operations		(96)	(77)	123	(152)
Total comprehensive income for the financial period		(26)	(4,128)	2,355	(882)
Profit/(loss) attributable to:					
Equity holders of the parent		1,585	(4,385)	3,903	(1,508)
Non-controlling interest		(1,515)	334	(1,671)	778
		70	(4,051)	2,232	(730)
Total comprehensive income attributable to:					
Equity holders of the parent		1,489	(4,462)	4,026	(1,660)
Non-controlling interest		(1,515)	334	(1,671)	778
		(26)	(4,128)	2,355	(882)
Earning per share (sen) :-	24				
(a) Basic		0.45	(1.25)	1.11	(0.43)
(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 2012 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> 31/12/2012 RM'000	(Audited) As at preceding financial year ended 31/03/2012 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	48,983	42,975
Deferred tax assets	455	455
Investment in associate company	160	160
Intangible assets	38,215	38,215
	87,813	81,805
<b>Current assets</b>		
Inventories	29,327	20,399
Trade receivables	37,455	52,500
Derivative assets	21 1,172	266
Other receivables	11,062	10,232
Current tax asset	3,001	2,235
Cash and cash equivalents	14,150	2,344
	96,167	87,976
<b>TOTAL ASSETS</b>	183,980	169,781
<b>EQUITY AND LIABILITIES</b>		
Share capital	35,174	35,174
Reserves	41,718	37,692
<b>Equity attributable to equity holders of the parent</b>	76,892	72,866
Non-controlling interest	5,519	10,130
<b>Total equity</b>	82,411	82,996
<b>Non-current liabilities</b>		
Hire purchase liabilities	20 3,441	1,619
Borrowings	20 19,917	18,666
Deferred tax liability	317	317
<b>Current liabilities</b>		
Trade payables	19,955	20,252
Other payables	14,706	6,877
Amount due to associate company	135	28
Amount due to related companies	435	-
Borrowings	20 41,145	38,413
Hire purchase liabilities	20 1,518	613
	77,894	66,183
	183,980	169,781
<b>Net assets per share (RM)*</b>	0.22	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 2012 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 2012

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	Share Option Reserve RM'000	Translation Reserve RM'000	Retained Profits RM'000	Total RM'000		
<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)
Acquisition of a 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>
<b>9 months ended 31 December 2012</b>								
Balance at 1 April 2012	35,174	18,379	-	(87)	19,400	72,866	10,130	82,996
Total comprehensive income for the period	-	-	-	123	3,903	4,026	(1,671)	2,355
Dividends to owners of the Company	-	-	-	-	-	-	(2,940)	(2,940)
<b>Balance at 31 December 2012</b>	<b>35,174</b>	<b>18,379</b>	<b>-</b>	<b>36</b>	<b>23,303</b>	<b>76,892</b>	<b>5,519</b>	<b>82,411</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 2012 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 2012**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

	(Unaudited) 9 months ended 31/12/2012 RM'000	(Unaudited) 9 months ended 31/12/2011 RM'000
<b>Operating Activities</b>		
Net profit/(loss) before tax	2,159	(141)
<b>Adjustment for :-</b>		
Depreciation and amortisation	2,209	1,972
Goodwill written-off	-	1,345
Gain on disposal of property, plant and equipment	(3,095)	(8)
Interest costs	2,362	1,723
Interest income	(100)	(167)
Share of results of associates	-	(65)
Unrealised derivative gain	(1,172)	(31)
Unrealised foreign exchange loss/(gain)	16	(334)
	<hr/>	<hr/>
<b>Operating profit before changes in working capital</b>	2,379	4,294
<b>Changes in working capital</b>		
Inventories	(8,927)	(1,894)
Trade and other receivables	14,948	(1,752)
Trade and other payables	8,163	4,012
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	16,563	4,660
Income tax paid	(693)	(2,617)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	15,870	2,043
<b>Investing Activities</b>		
Acquisition of subsidiaries, net of cash acquired	-	(8,337)
Interest received	100	167
Proceeds from disposal of property, plant and equipment	5,184	159
Purchase of property, plant and equipment	(10,863)	(5,621)
Dividend paid to the owners of the Company	-	(3,517)
	<hr/>	<hr/>
<b>Net cash used in investing activities</b>	(5,579)	(17,149)
<b>Financing Activities</b>		
Net drawdown of bank borrowings	2,340	9,207
Net drawdown/(repayment) of term loan	1,897	(808)
Net drawdown/(repayment) of hire purchase liabilities	2,489	(203)
Interest paid	(2,362)	(1,723)
Dividend paid to non-controlling interest	(2,940)	(2,940)
	<hr/>	<hr/>
<b>Net cash generated from financing activities</b>	1,424	3,533
	<hr/>	<hr/>
Net change in cash and cash equivalents	11,715	(11,573)
Effect of exchange rate fluctuation on cash held	91	(152)
Cash and cash equivalents at beginning of year	2,344	15,005
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	14,150	3,280
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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 2012 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 2012. 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 2012.

This condensed interim report is the Group's first MFRS condensed interim report for part of the period covered by the Group's first MFRS annual financial statements for year ending 31 March 2013. MFRS 1 *First Time Adoption of Malaysian Financial Reporting Standards* ("MFRS 1") has been applied. The transition to MFRS framework does not have material impact to the financial statements of the Group.

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 financial statements for the financial year ended 31 March 2012.

### **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 2012.

### **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**

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

**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 2012</b>			
Revenue from external customers	108,624	29,384	138,008
Segment result	11,686	(8,337)	3,349
<b>Results from operating activities</b>			3,349
Finance costs			(2,362)
Net gain on financial assets and financial liabilities at fair value			1,172
Share of profit of associate company			-
<b>Profit before taxation</b>			2,159
Tax expenses			73
<b>Profit for the financial period</b>			<u>2,232</u>

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	Malaysia RM'000	USA RM'000	Consolidated RM'000
<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 loss on financial assets and financial liabilities at fair value			31
Share of profit of associate company			65
<b>Profit before taxation</b>			141
Tax expenses			(589)
<b>Profit for the financial period</b>			<u>(730)</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**

In May 2012, Genetec Global Technologies, Inc. incorporated a new wholly-owned subsidiary in United States of America, Genetec Technology Automation, Inc. with total issued and paid up capital of USD100 comprising 100 shares.

**12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS**

There were no contingent liabilities or contingent assets as at 31 December 2012 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 2012.



**14. REVIEW OF PERFORMANCE**

For the current quarter ended 31 December 2012, the Group recorded revenue of RM46.7 million, an increase of 49.6% over the corresponding quarter ended 31 December 2011 of RM31.2 million. With higher revenue achieved during this quarter, loss before taxation reduced from RM4.0 million to RM0.2 million.

Revenue from Malaysia operations strengthen from RM25.3 million to RM36.0 million, a growth of 42.3% generated mainly from the hard disk drive and automotive segments as compared to preceding year corresponding quarter. With this strong revenue performance, the Malaysia operations generated results from operating activities of RM3.8 million for this quarter under review.

As for the financial period to-date, the Group's achieved revenue of RM138.0 million, a growth of 24.7% as compared to corresponding period. With this growth in revenue, the Group rebounded with a pretax profit of RM2.1 million as compared to a pretax loss position of RM0.1 million in the preceding year corresponding period. The Malaysia operations contributed RM108.6 million or 78.7% of the Group revenue with results from operating activities of RM11.7 million as compared to RM7.7 million in the preceding year corresponding period. Strong performance from our Malaysia operation come from our core industry segment of hard disk drive and automotive. Meanwhile our USA operations suffered negative results from operating activities of RM8.3 million against challenges in the economic landscape and business environment in the USA.

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

The Group's revenue improved by 6.5% to RM46.7 million for the current quarter under review compared as immediate preceding quarter. The operating loss improved to RM0.2 million as compared to RM1.2 million (after deducting gain on disposal of factory of RM2.9 million).

**16. PROSPECTS**

We expect continuing challenges and uncertainties in some industry segments that our USA subsidiaries operate in. Against this backdrop, the Board anticipates continuing challenges into the remaining financial year for our USA operations and has taken strong measures and action plans to mitigate and manage these challenges which include cost reduction measures, streamlining of business units and developing potential customers in new industry segments.

**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 31.12.2012 RM'000	Preceding Year Corresponding Quarter 31.12.2011 RM'000	Current Period To- Date 31.12.2012 RM'000	Preceding Year Corresponding Period 31.12.2011 RM'000
In respect of current year:				
- income tax	265	(25)	73	(589)

The effective tax rate of the Group for the financial period ended 31 December 2012 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 2012 are as follows:

<b>Current</b>	<b>RM'000</b>
Unsecured: Hire purchase	1,518
Secured: Term loan	1,628
Trade bills	39,517
Total current loans and borrowings	<u>42,663</u>
 <b>Non-current</b>	 <b>RM'000</b>
Unsecured: Hire purchase	3,441
Secured: Term loan	19,917
Total non-current loans and borrowings	<u>23,358</u>

**21. FINANCIAL INSTRUMENTS**

Derivatives

As at 31 December 2012, 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	43,219	42,047	1,172

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 2012 and 31 December 2012, into realised and unrealised profits, pursuant to the directive is as follows:

	<b>As at 31.12.2012 RM'000</b>	<b>As at 30.09.2012 RM'000</b>
Total retained profits of the Group:		
- Realised	24,039	24,842
- Unrealised	1,155	353
	25,194	25,195
Total share of retained profits from an associate		
- Realised	-	-
- Unrealised	-	-
	25,195	25,195
Less: Consolidation adjustments	(1,892)	(3,477)
Total retained profits as per statement of financial position	23,303	21,718

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24. EARNINGS/(LOSS) PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.12 RM' 000	Preceding Year Corresponding Quarter 31.12.11 RM' 000	Current Year To-date 31.12.12 RM' 000	Preceding Year Corresponding Period 31.12.11 RM' 000
<b>Basic earnings/(loss) per share EPS</b>				
Net profit/(loss) attributable to equity holders of the parent	1,585	(4,385)	3,903	(1,508)
Weighted average number of ordinary shares in issue	351,738	351,738	351,738	351,738
Basic EPS/(LPS) (sen)	0.45	(1.25)	1.11	(0.43)
<b>Diluted earnings/(loss) per share EPS/(LPS)</b>				
Net profit/(loss) attributable to equity holders of the parent	1,585	(4,385)	3,903	(1,508)
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