

Genetec Technology Berhad

(Company No.: 445537-W)

(Incorporated in Malaysia)

Interim Report for the
Second Quarter Ended
30 September 2005

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GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/9/2005 RM'000	Preceding Year Corresponding Quarter 30/9/2004 RM'000	Current Year To-date 30/9/2005 RM'000	Preceding Year Corresponding Period 30/9/2004 RM'000
Revenue		12,239	6,785	19,243	12,286
Operating Expenses		(11,131)	(6,541)	(17,550)	(11,763)
Other Operating Income		19	89	27	66
Profit from Operations		1,127	333	1,720	589
Finance Costs		(108)	(38)	(165)	(74)
Profit Before Taxation		1,019	295	1,555	515
Taxation	19	(25)	(82)	(25)	(144)
Profit After Taxation		994	213	1,530	371
Minority Shareholders' Interests		-	-	-	-
Net profit for the financial period		994	213	1,530	371
Earnings per share (sen) :-	27				
Basic		1.83	NA	2.99	NA

Notes:

1 This is the first quarterly report on the consolidated results for the financial period ended 30 September 2005 announced by the Company in compliance with Bursa Malaysia Securities Berhad requirements in conjunction with to the admission of the Company to the MESDAQ Market of Bursa Malaysia Securities Berhad.

2 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 20 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 SECOND QUARTER ENDED 30 SEPTEMBER 2005**

The figures have not been audited

CONDENSED CONSOLIDATED BALANCE SHEETS

	<u>Note</u>	As at end of current quarter 30/9/2005 RM'000	As at preceding financial year end 31/3/2005 RM'000
Property, plant and equipment		3,467	3,515
Goodwill		290	329
Current assets			
Inventories		8,270	4,815
Trade receivables		22,110	10,821
Other receivables		1,545	1,432
Tax recoverable		358	296
Amount due from an associate		993	1,093
Cash and cash equivalents		3,165	2,745
		36,441	21,202
Current liabilities			
Trade payables		10,206	5,328
Other payables		1,001	662
Amount due to holding company		2,314	4,456
Amount due to related companies		2,793	1,870
Borrowings	23	9,302	3,937
Hire purchase liabilities		147	149
		25,763	16,402
Net current assets		10,678	4,800
		14,435	8,644
Share capital		9,000	1,000
Reserves		4,631	6,901
Shareholders' funds		13,631	7,901
Long term liabilities			
Hire purchase liabilities		262	201
Deferred taxation liabilities		542	542
		804	743
		14,435	8,644
Net tangible assets per share (RM)		0.15	7.57

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 SECOND QUARTER ENDED 30 SEPTEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		<u>Distributable</u>	
	Share Capital RM'000	Retained Profits RM'000	Total RM'000
<u>3 months ended 30 September 2005</u>			
Balance at 1 July 2005	1,000	6,901	7,901
Issuance of shares	8,000	(3,800)	4,200
Net profit for the financial period	-	1,530	1,530
Balance at 30 September 2005	<u>9,000</u>	<u>4,631</u>	<u>13,631</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 SECOND QUARTER ENDED 30 SEPTEMBER 2005

The figures have not been audited

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months ended 30/9/2005 RM'000	12 months ended 31/3/2005 RM'000
Net Profit Before Tax	1,555	2,169
Adjustment for :-		
Depreciation and amortisation	380	717
Other non-cash items	2	87
Non-operating items	(87)	(656)
Operating profit before changes in working capital	<u>1,850</u>	<u>2,317</u>
Changes in working capital		
Net change in current assets	(13,933)	(6,018)
Net change in current liabilities	3,175	3,869
Net cash (used in)/generated from operating activities	<u>(8,908)</u>	<u>168</u>
Investing Activities		
Equity Investments	-	(42)
Other Investments	(136)	(248)
Net cash used in investing activities	<u>(136)</u>	<u>(290)</u>
Financing Activities		
Proceeds from issue of shares	4,200	-
Net drawdown of bank borrowings	4,123	1,761
Repayment of hire purchase creditors	(100)	(161)
Interest paid	(140)	(161)
Net cash generated from financing activities	<u>8,083</u>	<u>1,439</u>
Net Change in Cash and Cash Equivalents	(961)	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>1,784</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.

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

On 29 September 2005, in conjunction with the Listing, Genetec issued its Prospectus, launching an Initial Public Offering (IPO) of 30,000,000 new ordinary shares of RM0.10 each in Genetec at an issue price of RM0.30 per new ordinary share. The Public Issue comprised the following:

- (i) 6,000,000 new ordinary shares of RM0.10 each available for eligible employees and persons who have contributed to Genetec's success;

- (ii) 2,000,000 new ordinary shares of RM0.10 each available for application by the public; and
- (iii) 22,000,000 new ordinary shares of RM0.10 each available for application by way of private placement.

The IPO closed on 13 October 2005 and was fully subscribed. Upon completion of the Public Issue, the issued and paid-up share capital of the Company increased from RM9,000,000 comprising 90,000,000 ordinary shares of RM0.10 each in Genetec to RM12,000,000 comprising 120,000,000 ordinary shares of RM0.10 each in Genetec.

On 21 September 2005, in conjunction with the Listing, Genetec implemented an Employees' Share Option Scheme (ESOS) involving up to 10% of the issued and paid-up share capital of Genetec. Directors and eligible employees of the Group are entitled to the aforesaid ESOS scheme. The ESOS consist of options to subscribe to a maximum of 12,000,000 shares in Genetec at an exercise price of RM0.30 per share (initial IPO price). The scheme is in effect for a period of five years.

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 30 September 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 30 September 2005 was RM 19.24 million with net profit of RM 1.53 million. As compared to the last year's preceding period, the revenue has increased by RM7.00 million (57%) and net profit by RM1.16 million (312%). The Group revenue is primarily from its Hard Disk Drive segment which contributed about 93% of total Group revenue for the financial period to date as compared to a contribution of 80% in the preceding year corresponding period. The higher sales contribution from this segment is due to strong demand for replication of prototypes that were developed by the Group in the preceding period. The improvement in margin is mainly due to higher volume of sales and better product mix.

16 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group achieved revenue of RM12.24 million for the quarter under review, an increase of RM5.24 million or 74.8% over the previous quarter of RM7.00 million. The growth was contributed by the replication of several projects for customers in the Hard Disk Drive segment. Hence net profit increased from RM0.50 million for the previous quarter to RM1.00 million for the quarter under review.

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 global 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 30.09.05	Preceding Year Corresponding Quarter 30.09.04	Current Year To-date 30.09.05	Preceding Year Corresponding Period 30.09.04
Malaysian income tax:				
- current taxation	25,000	82,000	25,000	144,000

The effective tax rate of the Group for the period ended 30 September 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 financial period under review.

22 STATUS OF CORPORATE PROPOSAL

The Company will be issuing 30,000,000 new ordinary shares of RM0.10 each in conjunction with its listing exercise. The entire enlarged and paid-up share capital of the

Company, comprising 120,000,000 ordinary shares of RM0.10 each are due to be listed and quoted on the MESDAQ Market of Bursa Securities on 7 November 2005.

The total gross proceeds of RM13.20 million raised from Rights Issue of RM4.20 million and Public Issue of RM9.00 million to be utilised in the following manner:

	RM
Research and Development	2,000,000
Working capital	7,858,000
Listing expenses	1,200,000
	<u>11,058,000</u>

Note: Out of the total gross proceeds raised from the Rights Issue of RM4.2 million, RM2,142,000 was utilised to offset against amount owed to ATIS Corporation Berhad (Holding Company).

23 BORROWINGS

Details of the Group's borrowings as at 30 September 2005 are as follows:

	RM
Current	
Bank overdraft	1,382,149
Trade bills	7,920,000
Total Borrowing	<u>9,302,149</u>

24 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at 12 October 2005 (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	750	17/10/2005	18/1/2006	2,817
US Dollar	1,000	7/6/2005	9/12/2005	3,784
US Dollar	250	28/7/2005	1/2/2006	918
Total				<u>7,519</u>

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 30.09.05	Preceding Year Corresponding Quarter 30.09.04	Current Year To-date 30.09.05	Preceding Year Corresponding Period 30.09.04
Basic earning per share (EPS)				
Net profit attributable to Shareholders	993,954	N/A	1,530,302	N/A
Weighted average number of ordinary shares in issue	54,391,304	N/A	51,213,115	N/A
Basic EPS (sen)	1.83	N/A	2.99	N/A

By Order of the Board
Genetec Technology Berhad

Tan Kon Hoan
 Finance Manager

Selangor Darul Ehsan
 18 October 2005