

Genetec Technology Berhad

(Company No.: 445537-W)

(Incorporated in Malaysia)



Interim Report for the
Second Quarter Ended
30 September 2007

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GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2007

The figures have not been audited

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/9/2007 RM'000	Preceding Year Corresponding Quarter 30/9/2006 RM'000	Current Year To-date 30/9/2007 RM'000	Preceding Year Corresponding Period 30/9/2006 RM'000
Revenue		16,104	5,838	30,693	12,007
Operating expenses		(14,338)	(6,599)	(27,834)	(13,094)
Share based-payment under ESOS		-	-	-	(1,225)
Other operating income		23	4	53	6
Profit/(loss) from operations		1,789	(757)	2,912	(2,306)
Finance costs		(109)	(79)	(181)	(116)
Profit/(loss) before taxation		1,680	(836)	2,731	(2,422)
Taxation	18	(50)	-	(100)	-
Net profit/(loss) for the financial period		<u>1,630</u>	<u>(836)</u>	<u>2,631</u>	<u>(2,422)</u>
Attributable to:					
Equity holders of the parent		1,630	(836)	2,631	(2,422)
Minority shareholders' interests		-	-	-	-
		<u>1,630</u>	<u>(836)</u>	<u>2,631</u>	<u>(2,422)</u>
Earnings/(loss) per share (sen) :-	27				
(a) Basic		<u>1.36</u>	<u>(0.70)</u>	<u>2.19</u>	<u>(2.02)</u>
(b) Fully diluted		<u>1.33</u>	<u>N/A</u>	<u>2.15</u>	<u>N/A</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 2007 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
 INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2007

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) As at end of current quarter 30/9/2007 RM'000	(Audited) As at preceding financial year ended 31/3/2007 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	6,461	6,672
Prepaid lease payments	823	832
Deferred taxation asset	45	45
Current assets		
Inventories	7,747	8,499
Trade receivables	9,363	7,137
Other receivables	1,355	2,412
Current tax asset	122	533
Amount due from an associate	456	549
Assets classified as held for sale	128	130
Cash and cash equivalents	9,081	3,428
	28,252	22,688
TOTAL ASSETS	35,581	30,237
EQUITY AND LIABILITIES		
Share capital	12,054	12,014
Reserves	8,836	6,124
Equity attributable to equity holders of the parent	20,890	18,138
Minority shareholder's interest	-	-
Total equity	20,890	18,138
Non-current liabilities		
Hire purchase liabilities	585	988
Current liabilities		
Trade payables	4,547	7,264
Other payables	2,183	993
Borrowings	6,802	2,170
Hire purchase liabilities	574	684
	14,106	11,111
	35,581	30,237
Net assets per share (RM)*	0.17	0.15

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 2007 and the accompanying explanatory notes attached to the interim financial statements.

GENETEC TECHNOLOGY BERHAD (445537-W)
INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2007

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>6 months ended 30 September 2006</u>					
Balance at 1 April 2006	12,000	4,191	-	5,869	22,060
Prior year adjustment - effect of adopting FRS 2	-	-	875	(875)	-
Balance at 1 April 2006 (restated)	12,000	4,191	875	4,994	22,060
Effect of adopting FRS 2	-	-	1,225	-	1,225
Net profit for the financial period	-	-	-	(2,422)	(2,422)
Balance at 30 September 2006	12,000	4,191	2,100	2,572	20,863
<u>6 months ended 30 September 2007</u>					
Balance at 1 April 2007	12,014	4,244	1,776	104	18,138
Net profit for the financial period	-	-	-	2,631	2,631
Share option exercised	40	81	-	-	121
Balance at 30 September 2007	12,054	4,325	1,776	2,735	20,890

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 2007 and the accompanying explanatory notes attached to the interim financial statements.

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

	(Unaudited) 6 months ended 30/9/2007 RM'000	(Unaudited) 6 months ended 30/9/2006 RM'000
Operating Activities		
Net profit/(loss) before tax	2,731	(2,422)
Adjustment for :-		
Depreciation and amortisation	498	384
Impairment on goodwill	-	-
Other non-cash items	(11)	74
Share based-payment under ESOS	-	1,225
Non-operating items	384	(8)
	<hr/>	<hr/>
Operating profit/(loss) before changes in working capital	3,602	(747)
Changes in working capital		
Net change in current assets	(416)	4,233
Net change in current liabilities	(1,527)	(1,131)
	<hr/>	<hr/>
Net cash generated (used in)/from operating activities	1,659	2,355
	<hr/>	<hr/>
Investing Activities		
Other investments	97	231
Purchase of property, plant and equipment	(343)	(1,296)
	<hr/>	<hr/>
Net cash used in investing activities	(246)	(1,065)
	<hr/>	<hr/>
Financing Activities		
Proceeds from issue of shares	121	-
Net drawdown of bank borrowings	4,632	796
Repayment of hire purchase creditors	(513)	(492)
Interest paid	-	(90)
	<hr/>	<hr/>
Net cash generated/(used in) from financing activities	4,240	214
	<hr/>	<hr/>
Net change in cash and cash equivalents	5,653	1,504
Cash and cash equivalents at beginning of year	3,428	6,794
	<hr/>	<hr/>
Cash and cash equivalents at end of period/year	9,081	8,298
	<hr/> <hr/>	<hr/> <hr/>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2007 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 Financial Reporting Standard ("FRS") 134: Interim Financial Reporting (previously known as MASB 26) 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 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 2007.

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 2007.

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 2007.

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 2007.

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 was no material changes in the nature and amount of estimates reported that have 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 30 September 2007, 2,734,000 options had lapsed, 541,000 options were exercised and 8,378,000 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

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 current quarter ended 30 September 2007.

11 CHANGES IN THE COMPOSITION OF THE GROUP

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

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12 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent liabilities or contingent assets as at 30 September 2007 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 30 September 2007 are as follows:

	RM'000
Property, plant and equipment Approved and contracted for	<u>1,652</u>
Leasing commitments	
Due within 12 months	413
Between 1 and 5 years	309
	<u>722</u>

14 REVIEW OF PERFORMANCE

The Group achieved revenue of RM30.7 million for the period ended 30 September 2007. This represents a significant increase of 156% over the preceding year's corresponding period of RM12.0 million. The increase in revenue is driven by higher volume of research and development and replication projects secured from existing and new customers in various industries, namely hard disk drive (HDD), automotive and pharmaceutical. On the back of this revenue record, the Group recorded a net profit position of RM2.6 million as compared to a net loss of RM2.4 million in the preceding year's corresponding period.

15 COMPARISON WITH PRECEDING QUARTER'S RESULTS

The Group's revenue for the financial quarter under review was RM16.1 million, an increase of RM1.5 million or 10.3% as compared to the preceding quarter's revenue of RM14.6 million. The Group achieved higher net profit of RM1.6 million in this quarter as compared to RM1.0 million in the preceding quarter. The increase of 60% in profitability is attributable to higher revenue and strengthening of margin to 10% for the quarter under review.

16 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

With the performance in the second quarter of financial year ending 31 March 2008, (barring unforeseen circumstances) the Directors of the Group anticipate this positive trend to continue into the remaining quarters of the financial year.

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 Year Quarter 30.9.2007 RM'000	Preceding Year Corresponding Quarter 30.9.2006 RM'000	Current Year To- Date 30.9.2007 RM'000	Preceding Year' Corresponding Period 30.9.2006 RM'000
Malaysian income tax:				
- current taxation	50	-	100	-

The effective tax rate of the Group for the financial year ended 30 September 2007 was lower than the statutory tax rate due to availability of pioneer status tax incentive.

19 PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

20 QUOTED SECURITIES

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

21 STATUS OF CORPORATE PROPOSAL

There are no outstanding corporate proposals as at the date of this report.

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22 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 utilisation of the proceeds from the IPO as at 30 September 2007 is shown in the table below:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Amount		Intended Timeframe for utilisation	Explanation
			RM'000	%		
Working capital	9,858	(9,358)	500	5.1	Genetec expects to utilise the balance RM0.5 million by 31 March 2008	-
Estimated listing expenses	1,200	(1,200)	-	-		
Total	11,058	(10,558)	500	-		

23 BORROWINGS

Details of the Group's short term borrowings as at 30 September 2007 are as follows:

Current – Unsecured	RM'000
Trade bills	<u>6,802</u>

24 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at 25 October 2007 (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:

Currency	Contract amount in FCY'000	Date of contract	Value date of contract	Equivalent amount in RM'000
USD	2,770	12.6.2007	15.4.2008	8,125

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 is 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

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.

26 DIVIDENDS

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

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27 EARNINGS/(LOSS) PER SHARE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.9.07 RM	Preceding Year Corresponding Quarter 30.9.06 RM	Current Year To-date 30.9.07 RM	Preceding Year Corresponding Period 30.9.06 RM
Basic earnings/ (loss) per share EPS/(LPS)				
Net profit/(loss) attributable to shareholders	1,630,250	(836,453)	2,630,794	(2,421,592)
Weighted average number of ordinary shares in issue	120,183,587	120,000,000	120,163,179	120,000,000
Basic EPS/(LPS) (sen)	1.36	(0.70)	2.19	(2.02)
Diluted earnings per share EPS				
Net profit attributable to shareholders	1,630,250	n/a	2,630,794	n/a
Weighted average number of ordinary shares in issue	122,417,070	n/a	122,396,662	n/a
Diluted EPS (sen)	1.33	n/a	2.15	n/a

It is not applicable to calculate the diluted earnings per share for the preceding year corresponding quarter and preceding year corresponding period as any potential conversion of the Company's employee share options to ordinary shares would be antidilutive.

By Order of the Board
Genetec Technology Berhad

Tan Kon Hoan
 Finance Manager
 Selangor Darul Ehsan
 01 November 2007